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In This Issue

Four Feature Articles PAGE

Improving Your Management Efficiency 2
Wilford L. White

Is Consumer Credit Inflationary? 6
J. Miller Redfield

Mechanization Tightens Remittance Control 8
Carson L. Bard

Carrying Charges on Instalment Accounts 10
L. A. Brumbaugh

Seven Other Highlights

The Book Shelf 9

Dallas Conference Program 12

Magic With Meetings 15

What Is the Most Important Credit Problem for 1959? . 16

Credit Flashes 24

Mexico Calling 30

President's Third Membership Campaign 31

Six Regular Departments

The Credit Clinic 20

Local Association Activities 23

Credit Department Letters 26

Items of Interest From the Nation's Capital 28

Credit Sales Promotions 29

Editorial Comment by L. S. Crowder 32

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Improving Your Management Efficiency

WILFORD L. WHITE

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TODAY CAN be an important day in your business life. If, sometime before evening, you pick up just one idea and apply it to your business next week and it works, this day will be a significant one for you. Your business was conceived as an idea, it has been built upon ideas, and it will move forward on ideas—your own as well as others which you pick up from time to time.

What is a small business? For practical purposes, the definition to be found in the legislation establishing the Small Business Administration is good: " . . . one that is independently owned and operated and which is not dominant in its field of operation." Independently owned and not dominant. That is the type of manufacturing, distributing, or servicing organization I have in mind.

What constitutes a successful business? How do we measure success? First, any business—large or small—exists because its products and services meet the need of the consuming public. There are over 175 million individuals in the United States today, each with his own ideas of what he needs and wants, how badly he wants it, and what he is willing to do to get it. More important, these needs are changing. The things he bought yesterday may not find any buyers today and the products he will be willing to buy tomorrow may not be in existence today. Here lies one of the greatest risks of business—a very important risk to small business. Therefore, the first element in the success of any business is that it produce a product or service for which there is an inherent need upon the part of an important portion of the consuming public. Second, this product or service must be made available to the public at a time when they are willing to buy it.

Styled products have to be brought on the market at the precise time when consumers are ready and willing to buy and use that particular style. Clothing heavy enough for the market in Chicago now would have little or no market in Florida or Lower California at any time. Frozen foods cannot be sold in many parts of the world today because the consumers have little or no mechanical or electrical refrigeration. Timing is most important. Third, every successful business has to have experienced workers, qualified to produce and distribute the products involved. This means careful selection, adequate supervision—usually by the owner-manager—and sufficient returns in money and social satisfactions to keep them working and on the payroll. A high turnover in employees is a great drain upon the profitableness of any small business.

Fourth, to be a successful business means that it must be a profitable business for its owner. Sometimes profits can be anticipated in a growing business. Sometimes there are circumstances when profitless operation can be carried on for a time. But, by and large, a small business cannot be called successful if its return to the owner is little more than a salary or, possibly, not even that.

And finally, therefore, a business—to be successful—must be headed by a person who has what is called management "know-how" or is capable of securing it rapidly. This "know-how" can be attained intuitively, by experience, or by observing others who have it. But without this "know-how" no business can last long and continue to pay salaries and earn a profit.

Now that I have placed the owner of a business in perspective, by indicating the relative importance of the know-how which is his contribution to a successful business, let me ask you this question: What is the greatest asset of a small business? The answer should be, the owner or manager. He not only puts all the other elements of a successful business together but he himself selects the elements.

It goes without saying that many situations can affect the success and even the future of a business. The extent to which they do affect the business, however, is determined by the owner who decides what he will do to meet a specific situation, and when he will do it.

What is the greatest liability of a small business? If we were to go down the street and ask the first few small business operators we met, they might say competition, taxes, high prices, new products, shopping centers, or even change itself. But what do you say?

The chances are that this same owner is the greatest problem he has to deal with—he is his own greatest liability. If my assumptions are cor-

Allison P. Koelling says . . .

"We found that the simplest and easiest way to promote N.R.C.A. was to include a membership in that organization with the membership charge in the Credit Bureau. We supply a letter which is sent to St. Louis and accompanies the membership announcement so our members will know the Credit Bureau has paid for their N.R.C.A. membership.

"Our affiliation with N.R.C.A. has helped us keep the interest of our smaller neighborhood members and has resulted in membership renewals. Our smaller members use the various forms and enjoy the articles in The CREDIT WORLD and prominently display the insignia."—Allison P. Koelling, Credit Bureau of Cincinnati, Cincinnati, Ohio.

rect in specific instances, you have the interesting dilemma of an owner being his own greatest asset and his own greatest liability at the same time.

This does not mean that he cannot be successful. He is like a balance sheet in that there are certain assets on one side of the ledger sheet and certain liabilities on the other. When you add them up, you either have an excess of assets or liabilities. Your proprietorship account is determined by the relative number and importance of each.

Keeping in mind the idea that the owner—you—is the cause of his success or failure, let us look more closely at him—you. If management is so important, what constitutes this management? Sometime ago, Dun and Bradstreet stated that the owners of businesses that had failed, fell into three broad groups: (1) Those who did not have the capacity to manage a business successfully, (2) those with insufficient experience, and (3) those with unbalanced experience.

There is not much that needs to be said about the man who does not have the capactiy to manage his own business. There are probably other vocations that he can follow with success, but to keep him in business, by making him a loan, for example, is to prolong his business life until later, when his losses—and those of his creditors—will be still greater.

In the past, many men who started in business for themselves were inexperienced but, fortunately for them, conditions moved slowly and changed so little that by the time a major decision had to be made, experience was sufficient to meet it. Conditions have changed today. Things do not change slowly. They happen overnight. Today the successful businessman must gain more of his experience while working for someone else and not in his own business. In fact, by working for a successful operator, he not only has a good job, can save and prepare for the day when he will start in on his own, but he can observe what his boss does that makes him successful.

Experience Necessary

It is undoubtedly true that today many men who are starting their own small businesses have gained their experience as an employee of a large business or as a manager of one store in a chain, or elsewhere. There can be no substitute for experience.

But what about this third group, called owners with unbalanced experience? What does Dun and Bradstreet mean? They mean exactly this; prior to the time many of you bought or started your own business, you were a salesman, a machinist, a bank clerk, or a government employee. At the time you were considering the new step, you were tops in your vocational activity. You were the best salesman in the territory. You always got the hardest machining jobs. You won several awards in your bank, or you had been promoted into a very responsible position in your state or federal government. So, you thought you were ready to run your own business. You, the star salesman, got along fine until you had to go to the bank to borrow some money. You, the machinist, did very well until you started calling upon people for help and you began to realize that people and machines are quite different things. And so on.

Study Management

Your experience was unbalanced, you had excellent experience in performing some management functions, practically none with others. The great pity was—and still is—that you did not realize where you were strong and where you were weak because you never took the time to study management and learn for yourself what it demanded of the owner of a small business. The chances are that the first time you realized a need for more experience in selling, buying, financing, came when you were faced with a problem involving those functions and you did not have a ready answer. What is more important, you did not know where to turn for it. This is a common problem of new business managers.

If we boil down the responsibilities of a manager into one sentence, and a short sentence at that, I think it would be something like this: The manager of a business is primarily a decision-maker. He either makes many small and large decisions every day or they are made for him. He either creates the policies and procedures of his business or they are created by the decisions he does not make.

Here is what I mean. The owner of a men's haberdashery store is told of a new shopping center and is invited to open a branch store in it. He does a little investigating, talks to a few people, likes the idea, but is so busy with inventory, buying, and changing his window displays that time passes and no decision is made. Finally, he reads that a competitor has taken the lease and will be open for business the following month. He has to live with that decision, although he did not make it himself. To put it another way, his business was not managed, it was just drifting, sometimes to his advantage, often not.

Why is it that so many decisions are made on the spur of the moment or that no decision is made at all? Maybe we do not like to think. Maybe we feel we do not have enough information with which to reach a decision. Maybe we just want a little time "to think it through." Whatever it is, or maybe there is no reason at all, lots of us in and out of business are procrastinators. We put off a decision until tomorrow, and tomorrow often does not arrive at all.

Policies Are Plans

Unless you are going to make every decision from scratch, you have to establish some policies and some procedures with which you expect to operate your business. According to Koontz and O'Donnell, *Principles of Management*, "Policies . . . are plans. They are general statements, or understandings, which guide or channel the thinking and action of subordinates in an enterprise. . . ." They might have added that policies also guide the thinking

Clinton W. Briggs says . . .

"Each member of our credit bureau is a member of the N.R.C.A. as we believe a National member makes a better bureau member. They are more cooperative and understanding of bureau problems. Being members of the National they all receive The CREDIT WORLD and know what is taking place in other sections of the country in the field of credit and that, in my opinion, makes closer ties with the credit bureau." —Clinton W. Briggs, Providence Credit Bureau, Providence, Rhode Island.

and actions of the owner or manager, as well.

You can establish a policy of selling at one price, of using wholesalers as part of your channel of distribution, of manufacturing to a certain quality, of agreeing that the customer is always right. The important point is, that when you have reached a conclusion on a policy problem and made your decision, you do not have to go through the same operation again and again, every time the problem presents itself. This method of operation has the great advantage also of helping you to be consistent in dealing with other people, whether they are employees, customers, or suppliers.

A procedure, on the other hand, according to the same authors is also a plan. They add, ". . . for they involve the selection of a course of action and apply to future activities." Once you make a decision that your channel of distribution as a small manufacturer will be wholesaler to retailer to consumer, you can then proceed to act and call upon your wholesale customers with their knowledge that you will not also sell direct to retailers.

Without a policy, procedures may vary in almost every transaction. Since you become confused, everyone else does also. Costs increase. Relations with others fall apart. Volume drops. Profits disappear.

My first idea concerns the importance of establishing sound policies and procedures. The second one involves a distinction between operation and administration. You are operating your business when you open its doors every morning, when you meet customers, when you talk with salesmen, when you call at the bank about a loan, when you order some merchandise or supplies or machines. Operations repeat themselves frequently, sometimes many times daily. They can and sometimes do become too routine but they are the things you often find yourself so busy with that you cannot do any administering.

What do we mean by administering? First, let me say that administering is probably the most important thing you do relative to your business, or it should be. By administering, we mean planning, organizing, staffing, directing, and controlling your business. This means sitting down quietly by yourself and establishing policies and procedures so that your assistants and supervisors will know what you want done under different circumstances—so that you will know yourself.

Planning: How much time every week do you spend on planning? For next week? Next month? Next year? Some large corporations plan 50 years ahead. No business is so small that it cannot benefit from planning a year ahead. One very practical way to improve the efficiency of your business is to plan regularly.

Organizing: What do we mean when we use the word "organizing"? If you are inclined to say, I am too small to organize, I would like to suggest that you need some organization if you have one other employee. Does he know exactly what he is to do when you are present? When are you absent?

Copying Big Business

Big business has introduced something which small business is copying—the job sheet. If you were to ask all of your employees to briefly write down the different things they do for you, their answers would astonish you. If you had only 10 people, you would find some doing many more things than others, some claiming they were doing the same thing, some very clear what they were doing, others not.

Staffing: One of the most difficult things for any owner of a small business is to realize that as the business grows, he will have to add one and later more supervisors to take some of the multiplying details off his own shoulders. The big problem is, when?

Many small and successful businesses are started in the basement or garage. The only employees are other members of the family. When it comes time to hire the first full-time paid employee, there are no personnel policies and, too often, the first person on the scene, or a friend who lives across the street, gets the job, without much thought being given to his fitness and experience.

One of the most expensive management problems is high labor turnover. Coupled with it is hiring people who are not qualified to perform the job assigned to them, thus increasing costs in an increasingly competitive market. Here again, established policies and procedures will help to keep turnover down, costs down, and volume up.

Directing: A fourth phase of administration is "directing," guiding and overseeing subordinates. It is sometimes felt that in small business, the problem is not so much under-direction as over-direction. With only a few subordinates, it is easy to tell each one exactly what to do, when to do it, how to do it, and so on, in the greatest detail, rather than help these folks learn under your direction and build up their own experience and self confidence. You know from experience you never had an idea what a mistake was like—and how much trouble it could make for you—until you made a good big one yourself.

A new word has come into the vocabulary of business in recent years which currently emphasizes directing. It is "communications." Your ideas, policies, and procedures are of no value until you communicate them to your subordinates and they understand them as you meant them. This procedure is not easy because we all are different and we communicate or learn or understand in different ways.

Controlling: Finally, under this heading of administration comes that important word, "controlling." If there is any one management function that is more important than all the others, it is probably "controlling." If you as owner do everything else with consumate skill but do not control or coordinate the different activities of your business, you cannot expect maximum profits from it. Controlling covers men, money, materials, merchandise, markets, and it all adds up to success or failure. Control of the business as a whole by controlling its many

parts is one management function which the owner-manager cannot delegate. This he has to do himself.

The third and final idea which I would like to leave with you on how you can improve your management efficiency relates to sources of information which you daily need to establish sound policies and procedures and to operate and administer your business successfully. On the spur of the moment, it is difficult to recall exactly where you might turn for help on a question, the decision on which you have to make before the close of that work day. But there are a number of them—important sources and reliable ones.

Employees: First, you can turn to certain of your employees. Encouraged to make suggestions, you may be surprised with the quality and value of their ideas. Encourage them to be of help to you.

Sources of Supply: Second, look to your sources of supply. Many of them have staffs of engineers, management men, accountants who are highly qualified to be of help to you on very specific as well as more general problems.

Customers: Do not forget your customers, and their customers. They see your products in action or use them themselves. They can give you very concrete ideas about the good and bad points, what could be done to improve them, how your products compare with the competing ones, and the like.

Federal and State Government: Turn to your state Department of Commerce or your state Industrial Development Commission, the Small Business Administration or the United States Department of Commerce nearby field offices. Take the *Small Business Administration* alone. In our 55 field offices, you can find help on financial assistance—under certain circumstances, we can make participation and direct loans; procurement assistance—if you have problems in selling to the Federal Government, possibly we can be of help; production and technical assistance—aid on your technical and production problems; management assistance, management publications, management counseling, management research, and administrative management courses.

Over 500 of these courses have been offered by educational institutions in recent years, including Loyola University, De Paul, Northwestern, Illinois Institute of Technology, Bradley University and Southern Illinois University. Over 15,000 owners of smaller firms have completed these courses which usually run one night a week for eight weeks, averaging two hours an evening. About 25 men attend, listen to a trained and experienced speaker, follow this up with general discussion.

Ideas come from the speakers and resulting discussion. They are tested out during the coming week and rediscussed the following week. This is a good, practical way of refreshing yourself on the best modern methods of running your business.

Sources of Aid

Trade Association: In addition to these sources of aid, do not forget these others: Every industry and trade has an association, some have more than one. The value of membership comes first in the literature from the head office, in becoming acquainted with and exchanging ideas with other members, in sending in your specific problems and getting equally specific replies. Some associations do a great deal of research and educational work.

Trade Paper: Every industry and trade has a business or trade paper. The editors of these weeklies and monthlies travel a great deal—often half of their time—collecting cases, examples of new operating methods—short cuts—ways of economizing on labor, materials, and time. In recent years, more and more space has been given to smaller firms and their problems. These publications also invite inquiries of a professional and technical character.

Accountant: Then there is the public accountant and the certified public accountant, most of whom are getting over into management work as well as strictly accounting activities. They can be of great help in personalizing your accounting system, making it give you a fuller and more exact story on your operations. They often can lead you out of budget problems, fiscal planning and help you prepare your bank presentation. Some firms are moving sharply into a management type of assistance.

Management Specialist: While there are a few quite large management engineering firms catering to equally large business corporations, there are many more smaller ones, qualified and able to assist smaller firms for a modest fee. Although few of them can help you on all management functions, there are good ones specializing on each of these functions in almost every market.

In addition, there are still other sources of help on specific problems such as the advertising agency, marketing research firm, metropolitan newspaper and research department of other advertising media. The list is almost endless so if you have a problem which does not classify itself easily in this respect, call our nearest field office and ask them. If they do not know the answer, they will find it for you. And the chances are that they will know the answer.

I have suggested three ideas. If you make good use of them, you will most certainly improve your management efficiency. They are: (1) Establish policies and procedures for your business; (2) distinguish between operation and administration and allocate some of your time every week to administration; and (3) learn to look outside your own experience for aid in solving your management problems. If you can claim these ideas as your own by the close of 1959, I believe you will find that you are improving your management efficiency. ★★★

Is Consumer Credit Inflationary?

J. MILLER REDFIELD

***Vice President*, American Investment Company**

St. Louis, Missouri

SUPPOSE YOU were to wake up tomorrow moring and find that your money in the bank, your life insurance and any bonds you own had depreciated 50 per cent in value. The possibility of such a thing is frightening and, if it should occur, it would undoubtedly be catastrophic. But, you say, after all it just cannot happen here.

Are you sure? In the past ten years those very assets have depreciated nearly 25 per cent. If there is any question in your mind as to this statement, refer to the *Consumer Price Index* published by the United States Department of Labor. This index covers all expenses which the average family incurs as ordinary living costs. Using the years 1947-49 as a base, the consumer price index as of October, 1958, had increased 23.7 per cent from the base level.

The cost of living in France today is ten times what it was in 1944—only 15 years ago. Not twice as much—ten times higher. The February, 1959 *Reader's Digest* contained an article, "What the French Have Found About Inflation." I commend it to you for your reading. I found it both interesting and startling. The article tells of specific individuals who, by practicing thrift and frugality during their working years, were able to build up a fund which they assumed would carry them through their later years of life. Those people have experienced the sad realization that instead of being comfortably situated in their retirement years, they find themselves in the pauper class. I am going to quote one statement in the article which seemed particularly significant to me. "French experience means that social welfare and old-age security, achieved at the cost of inflation, are neither welfare nor security. They are nothing but frauds and swindles."

France is not alone—look at the South American countries—Brazil, Peru, Chile, Argentina and others. You have often heard the statement regarding an individual, that his note is not worth the paper it is written on. Here is a newspaper story dated last November 26, 1958, in which the statement is made that the Argentina one peso notes are now being printed on paper which costs one peso and twenty centavos. Here is a nation's currency, the smallest denomination of which is not worth the paper it is printed on.

We have had creeping inflation in our country for the past several years. The particular reason I selected this topic is found in Senate Bill 4289, which was introduced in the United States Senate by Senator Bush just prior to the end of the last session of Congress. One sentence in the title of that bill reads as follows: "One of the principal factors leading to increases in the general level of prices which can interfere with the meaningful attainment of the objectives of the Employment Act of 1946 is the excessive use of consumer credit." In effect, that sentence is a bald statement that consumer credit is inflationary.

Many economists contend that easy money is the major cause of inflation and that consumer credit can be considered as "easy money," therefore it should be subject to Federal controls. Many theoretical arguments can be made on both sides of this question but I think we should look at facts rather than base our conclusions on theories. I am going to quote two facts and let you draw your own conclusions.

From 1950 through 1957 there has been a steady increase in the amount of instalment consumer credit. The biggest bulge, an increase of over five billion dollars, came in the year 1955 when there was an over-production by the automobile industry and dealers had to resort to selling credit terms rather than automobiles. If the theorists are correct, this tremendous expansion in consumer credit should have resulted in inflation but in looking at the consumer price index figures prepared by the Department of Labor, we find that during the year 1955 the price index declined. The average for 1954 was 114.8 per cent and for 1955 it was 114.5 per cent. Now let us take the latest figures which are available. Consumer instalment credit outstanding as of November, 1958, was down nearly one billion dollars from the amount outstanding at the beginning of the year, yet during this same period the consumer price index rose from 120.2 per cent as of the beginning of the year to 123.7 per cent as of October, 1958. In my opinion, these figures prove conclusively that consumer credit is *not* inflationary.

What are the real causes of inflation? In a talk before the 50th Anniversary Conference of the Harvard Business School Association in September of last year, Vice President Nixon said, "When we look into the causes of inflation we find three main areas that must be watched closely—the monetary and fiscal policies of government, the cost and price policies of business, and the impact of wage demands upon costs and prices."

In testifying before the Senate Finance Committee last April, Bernard M. Baruch said, "The inflation of our time flows from the selfish struggle for special advantage

among pressure groups. Each seeks tax cuts or price increases, or wage increases for itself while urging the others to make the sacrifices, and with little regard for the national interest."

Creeping Socialism and creeping inflation have been the subject of considerable discussion in the past several years but as yet the general public does not seem to be too concerned with either one of these trends. Any real analysis or study would prove that we have actually come a long way on both of these roads during the past thirty years.

What can we do to stop further inflation? In a talk before the American Assembly last October, Senator Bush, the author of the bill to which I referred, said, "The American people appear reluctant to make the sacrifices required in a pay-as-you-go policy in providing for the national defense and for the essential federal services required in a growing America. I believe this is due to lack of understanding, and that they need to be told frankly about the choices they face between honest, open taxation and the dishonest, hidden taxation of inflation. And I believe that when the people know the facts they will reject inflation as a way of paying our national bills because it is so cruelly unfair to the people who can least afford to lose anything—those trapped by fixed incomes in times of rapidly rising prices, such as retired people dependent upon social security and other pension systems, widows, teachers, preachers and civil servants.

Task of Leadership

"The greatest task of responsible political leadership in the United States today is to arouse in the American people a sense of urgency—of the urgent need of sound fiscal policy in their national government, and a comprehension of the tragic consequences of continued inflation to the future of the United States.

"It is a difficult task. Here in the United States, the erosion of the value of our dollar in the past twenty-odd years has occurred with a minimum of protest. Why is this?

"It is because inflation, particularly of the creeping variety which we are now experiencing, is insidious in its effects, and bears most heavily upon the unorganized groups in our society, the poor and the defenseless."

I agree with the statements of Senator Bush but I believe the responsibility of arousing the American people to the dangers of inflation does not rest entirely with "political leadership"—it is also the responsibility of every businessman, every employer, every person who recognizes the chaos which can and inevitably will result from continued inflation.

Now that I have reminded you of the dangers of inflation and, I hope, proved my contention that consumer credit is not inflationary, I am going to make just one or two statements about what consumer credit does for our country.

There is no question but that the economy of our country is geared to mass production—mass production of consumer goods as well as items necessary for our national defense. It is elemental that mass production of consumer goods cannot continue indefinitely unless there is also mass consumption of those goods. And, I am sure we all agree that such mass consumption is not possible without the use of consumer credit. Consumer credit is that vital cog between the wheels of mass production and mass consumption, the twin phenomena on which our economy is based.

Harvey L. Lutz, Professor Emeritus of Finance at Princeton, wrote an interesting article entitled, "The Badge of Freedom—Your Right to Own." In that article he stated "History demonstrates that property rights are the basis of all other rights. The first step toward enslavement of a conquered nation is confiscation of property. This has happened with a large proportion of all private property in the Soviet and its satellite states. People behind the 'iron curtain' may vote, but that does not make them free. The first and most essential test of freedom in all its forms—political, spiritual, and economic—is the right to own. . . . Much has been said and written about the alleged conflict between property rights and human rights. There is no conflict. Property has no rights, and the most important human right is the right to own property."

There can be no question but that the large majority of our citizens could not exercise their right to own property if it were not done through the use of consumer credit. Therefore, consumer credit has not only played a major part in our steadily improving standard of living—it is a major factor in the preservation of our form of government through the individual's exercise of his freedom to own property.

No doubt there will be a real effort made in this session of Congress to give the Federal Reserve Board stand-by power to regulate consumer credit. Such legislation will be proposed and urged on the basis that it is one means of controlling inflation. I sincerely believe that facts disprove any such argument. Our experience of more than 40 years in the consumer instalment loan business has proved to us that the typical American family is fully capable of judging how much and under what terms they should use consumer credit. Experience has shown that Federal regulation of consumer credit is unwarranted and ineffectual. Even worse, it is an undemocratic interference in the personal affairs of the American consumer. ★★★

Tom Downie says . . .

"The simplest method and the easiest way to obtain N.R.C.A. members is to include the membership with the Bureau membership. In other words, every time a prospect for Bureau service is contacted, or approaches the Bureau, sell them an all inclusive membership. It is no problem whatsoever to sell this combined membership service in a package deal.

"N.R.C.A. membership brings to us and to our members the cooperative and the educational benefits of their organization and have helped to put this Bureau in a position where its members regard it and its services with the utmost confidence and use its services in a maximum way.

"It has been my observation that the Bureau Managers that have done a real good job to advance our services over the years, have, to a man, consistently helped to develop N.R.C.A. membership and have aided such development in every possible way."—Thomas Downie, Credit Bureau of Vancouver, Vancouver, British Columbia, Canada.

Mechanization Tightens Remittance Control, Improves Service

"I do not believe in buying a button to replace an employee." Thus did Carson L. Bard, General Manager and Secretary-Treasurer of the Credit Bureau of Louisville, Louisville, Kentucky, preface an explanation of his organization's new, mechanized bookkeeping system. The credit reporting institution, where he started as a messenger boy in 1921, is the thirteenth oldest in the United States. Today it serves a metropolitan community of more than half a million people. And there is nothing old-fashioned about the way the nonprofit, merchant-owned facility processes and posts debtor payments.

Mr. Bard said he first investigated "office automation" when he sought a way to speed up the processing of mail payments. This, for a business that handled more than $480,000 in collections in 1958 and answered an average of more than 1,000 credit inquiries a day for its 890 members, had proved to be a serious work bottleneck.

"My primary interest," Mr. Bard said, "was ease of work flow, the elimination of highs and lows. We have

TYPEWRITER-BOOKKEEPING machine handles all accounting for credit reports, check writing, payrolls and so on.

our heaviest volume of mail payments on Mondays and Tuesdays. It used to take two and sometimes three girls all day to handle these. Occasionally some of their work had to be carried over to the next morning.

"Now with our new system, one girl handles the heaviest day's payments before noon and is free to help with other work. Frankly, I just don't know how we ever got along without this system before. Looking back, it seems almost impossible."

The key to this dramatic reduction in man-hours is a new window-posting machine (a National "Class 42"). It accomplishes in one machine-printed operation what formerly required three hand-written operations. Further, the window-poster is used in conjunction with a typewriter-bookkeeping machine in an integrated system that has mechanized the whole office procedure.

Under the old system, the girl receiving a mail or office payment had to enter it by hand on the account card and compute and record the new balance figure. (To check her accuracy, the new balance was audited when the cards were sent to the Accounting Department for distribution.) She also had to write out a receipt and maintain a daily cash journal. Mr. Bard estimated the average time for handling each payment in this fashion probably took at least a minute and a half and sometimes two minutes. The new technique reduces this time per transaction to something like 40 seconds.

Here is the simplified payment-processing system used now:

1. The girl pulls the debtor's master account card. This contains his name, address, account number, client's name, account number, and the interest rate. All of this formerly had to be recorded by hand on each receipt to provide working media for the Accounting Department.

2. The girl indexes the account number. This prints on the machine's journal, which provides a locked-in, detailed record of each transaction.

3. Next she indexes the old balance and depresses the debit balance pickup key.

4. The debtor's master account card and the customer's pass book are inserted into the machine. Then she indexes the amount of the payment, depresses a key to indicate how the payment was made (check, cash, or money order), plus a key to indicate whether the

NEW SYSTEM for handling debtor payments at Credit Bureau of Louisville is designed around modern window-posting machine.

payment was received at the office or directly by the client. Each of these keys has separate accumulating totals.

5. She then depresses the debit-balance key, which computes and prints the new balance figure and ejects the debtor's master account card and customer's pass book.

Hand-written receipts have been eliminated because the payment is posted on the customer's passbook at the same time the debtor's master account card was posted. Mr. Bard also noted the advantages of machine-computed and printed records for an institution that uses microfilming to save valuable storage space. He also pointed out that the adding-machine feature of the "Class 42" enabled office workers to use the machine throughout the day for a variety of other functions, thus multiplying its usefulness. By setting the machine on total, the cashier at the end of the day can run off a daily balance sheet in a matter of seconds. This shows, with machine-computed accuracy, separate totals of what has been received for various classifications such as cash, checks, money orders, office payments, and so on.

The second phase of the Louisville Credit Bureau's "automation" system is again the story of a machine application that, by the elimination of a multiplicity of hand-written operations, saves hours every day. Under the old system, the bookkeeper each day had to work with the copy of the debtor's receipt, the daily cash journal, and the master cards. From these, she tabulated hand ledgers showing what the office took in for each client on each account and how much of each payment had to be allocated for interest, principal, and court costs if any.

Absolute Accuracy Is Assured

Now, all this is done by machine. The bookkeeper first arranges the day's account cards in alphabetical order by client. Then she pulls the client's self-carboned statement ledger and types his name and that of the debtor. The bookkeeper indexes the amount paid, and the machine automatically prints the date. Subsequent tabulations and computations dictated by a control bar print the necessary breakdowns. Absolute accuracy is insured through a double-zero proof.

All this means, of course, that each client's account is kept up to date every day. As a result, the bookkeeper at the end of the month now accomplishes in six hours or less the remittance billing and checkwriting that once took more than three days. Equally important, the accounting machine can be set up to handle any office bookkeeping operation merely by substituting different control bars. Thus, in one machine, the operator has a pre-set mechanical assistant that saves valuable hours in making out payrolls, keeping client's credit-report accounting charges, and in figuring daily, weekly, and monthly earnings. ★★★

Tom Ford says . . .

"The four main values that sell and keep sold N.R.C.A. membership to our 100 per cent local association, are: 1. The CREDIT WORLD; 2. National Collection Stickers; 3. N.R.C.A. Membership sign; and 4. Assures us favorable recognition and favorable publicity in our areas."—Tom L. Ford, The Credit Bureau, Pittsburgh, Pennsylvania.

The Book Shelf

Facts You Should Know About Revolving Credit, Instalment Credit and Credit Legislation (Credit Management Division, National Retail Merchants Association, 100 West 32nd Street, New York 1, New York, 44 pages, $2.00). This book is a review of all aspects of revolving credit and instalment credit and legislation pertaining to these important retailing operations. It is divided into four sections outlining the evolution and development of revolving credit, the history of retail instalment selling laws, suggested provisions for inclusion in any such legislation "should such legislation be desirable," and a review of the status of instalment sales laws as of January 1, 1959.

The Selection of Retail Locations (F. W. Dodge Corporation, 119 West 40th Street, New York 18, New York, 422 pages, $9.00). This comprehensive new book, written by Richard L. Nelson, offers the first authoritative study of site selection and business volume estimating for establishments selling consumer goods or services. The contents of this book are arranged into five major sections: The Influence of Location on Retailing; The Selection of a Location; The Technique of Estimating Business Volume; What About Shopping Centers?; and Trends in the Economics of Location. The author is a real estate economist and president of the Real Estate Research Corporation. He drew upon more than 20 years of experience in preparing material for this book. Graphs, charts, plans, and drawings for easy, immediate references for specific problems are included.

Current Trends in Terms of Sale (Dun & Bradstreet Business Publications Division, 99 Church Street, New York 8, New York, 86 pages, $1.00). Automation and mechanization of bookkeeping methods are having certain effects on selling terms, in some cases causing sellers to install two payment periods in the same month. The author, Roy A. Foulke, traces terms of sales historically—from colonial times when terms ranged up to one year to today when there are "as great a variety of selling terms as there are shades and tints in the color of automobiles." The business enterprises used in this study generally had a tangible net worth of $75,000 or more, and they came from the top 8.4 per cent of the industrial and commercial concerns measured by the size of their investment.

The Experience of Industrial Trust & Savings Bank in the Field of Charge Account Banking (W. F. Hoffmann, Industrial Trust & Savings Bank, 117 East Adams Street, Muncie, Indiana, 109 pages, $5.00). The research for this book is based on the experience of 11 banks including his own in charge account banking. A very thorough, statistically valid and interesting survey of operations, merchant and customer reactions, organization and establishment procedures which have proved practicable and profitable in this new banking field. A book of great interest to any bank operating a charge account plan.

CARRYING CHARGES ON INSTALMENT ACCOUNTS

L. A. BRUMBAUGH

Valley National Bank, Phoenix, Arizona
***Third Vice President*, National Retail Credit Association**

BY INSTALMENT ACCOUNTS, we mean accounts which are set up with a series of instalment payments, that will fully liquidate them within a stated period. These accounts may take the form of a contract or a chattel mortgage and note. They arise out of the sale of automobiles, house trailers, boats, air conditioners, white goods, soft goods, furniture, appliances, musical instruments, lumber, hardware or other products. In their essential nature, they prescribe a system of payments for their liquidation.

By carrying charges, we mean those charges made to the customer, for the credit which he receives. They include interest and usually include compensation to the merchant for his clerical work in setting up the account, and for certain collection effort in liquidating it. They may also include insurance on the merchandise purchased and on the life of the customer. These charges may be computed monthly, on the reducing balance, or they may be computed on an annual basis and be added to the net amount of the contract, when it is originally drawn. They may be broken down into their respective elements or be included in one over-all charge.

Carrying charges are an important factor in credit extension. Writers in The Credit World have expressed this conviction and the fact that we give them consideration in this conference is evidence that we recognize their value and wish to know more about them. Originally, time payments were offered as a means of increasing sales of merchandise and, for most merchants, this remains a primary concern. In making these time sales, merchants found that their total sales increased but there was also a considerable rise in their operation costs. Some firms needed more capital to carry these accounts. Whether this capital was obtained by a larger investment or by borrowing, new earnings were needed to justify it. Since this service was arranged for the customer, it seemed logical that he should pay for it; hence, carrying charges were set up. More recently, many firms have found that carrying charges are profitable, in their own right, whether the accounts are carried by the merchant, or discounted in banks or finance companies, where they participate in the carrying charges. Firms that are able to carry their own accounts, often choose to do so. Others find it desirable to discount them elsewhere. When wisely handled, carrying charges are profitable for the merchant. Recently, a national counsellor to furniture dealers, informed us that competition had become so keen in the furniture business that profits from sales were curtailed and that income from carrying charges had become a major source of profit. Individual merchants have given similar testimony. A recent writer, in The Credit World, has expressed this conviction. Assuredly, few merchants using instalment accounts can profess indifference to these charges.

Though they recognize that carrying charges are profitable, many merchants hesitate to make them. They fear public reaction, but further thought should assure them that there is no sigma attached to reasonable carrying charges. Most people borrow money, on occasion, and when doing so, they expect to pay for the privilege. If then, the merchant moves into the credit field, he should be compensated for it, but he should understand what he is doing. First of all, he is a seller of merchandise. This should be his essential business. Any profit which he makes in extending credit through instalment sales should stand in its own right. In his accounting, he should be able to determine the source and amount of his profit. Thus only, can he know his business operation and measure its success.

It follows then that carrying charges should be adequate to compensate the merchant for his service and give him a margin of profit. Obviously, these charges must not be so large as to deter the customer from buying, for this would defeat the purpose of the merchant in extending credit. Furthermore, the merchant's carrying charges must be in line with those of his competitors so he will suffer no handicap in making his sales. Basically, however, the merchant must determine his carrying charges by reference to his cost in originating and carrying instalment accounts. He must obtain, equip, and maintain a credit office. He must obtain and compile credit information, and when seeking it from others, must supply it to them in return. He must have a credit person to pass upon the requests for credit. Much clerical work must be done in preparing and completing the forms. Collection service must be provided and reserves for anticipated losses must be set up. For all of these, the merchant must pay and he should be compensated for it.

Without good accounting practices, the merchant may find that extending credit has proved a liability rather than an asset to him. He must know his costs before he can accurately set up charges for his service. He may find that most of his instalment accounts are relatively small and that adequate carrying charges require a higher rate of interest than that which prevails for larger commercial loans. Most states recognize the principle involved and permit Small Loan Companies to charge a higher rate than is permissible on commercial loans. No specific comparable legislation has generally been enacted for the merchant's needs. In practice, however, he has usually been permitted to include the carrying charges as a part of the sale price of his merchandise. While insisting that carrying charges should be adequate, the merchant must not include hidden fees or packs for which no real service is given the customer. If his carrying charges are honest and fair, and the customer understands them, he will usually respond favorably to them.

Current carrying charges vary with communities, merchants and the merchandise sold. When these charges are computed monthly, on decreasing balances, they vary from one half of one per cent to one and one half per cent per month. When they are computed on an annual basis and added to the net of the contract, they vary from four per cent to 12 per cent or more. Carrying charges on automobiles and house trailers vary from four or five per cent per year on new vehicles to as much as 12 per cent on used ones. Instalment accounts arising out of the sale of smaller boats, white goods, soft goods, furniture, appliances, musical instruments, air conditioners, lumber, hardware, etc., have carrying charges ranging from six per cent to 10 or 12 per cent addon per year.

Some time ago, the National Retail Credit Associa-

tion sent a questionnaire to a representative group of department store and furniture dealers in the United States and Canada, asking for information concerning their carrying charges. Twenty-five firms responded. While there was no uniformity in the reports, a pattern seems to be emerging. Those who compute their charges on reducing monthly balances reported charges varying from three fourths to one per cent to one and one half per cent. Only one firm had charges as low as three fourths of one per cent and only one had charges as high as one and one half per cent. Most of them charged one per cent per month on the reducing balance. Those who compute their charges as an addon on an annual basis, reported charges ranging from five per cent to 13.2 per cent. Only one firm had charges as low as five per cent and only one reported them as high as 13.2 per cent. Most of them reported charges ranging from seven per cent to 10 per cent. It was interesting to find that all but one of the firms having revolving accounts charge one and one half per cent per month. The other firm reported a charge of 10 per cent for a six months period.

A second question asked was whether carrying charges on instalment accounts had recently been increased and, if so, how much. More than half of those reporting said they had increased their carrying charges within the last two years. Those computing the charges on a monthly basis reported the increase was one-half of one per cent. Those computing the charges on an annual basis reported an increase of one per cent. One store reported an increase of two per cent. Ten of the stores said they had revolving accounts and all of these had increased their charges one half of one per cent within the last two years.

A final question asked the stores concerning the satisfaction which characterized the firms' carrying charges. Nearly all reported satisfactory results. None of them had received any adverse criticism. Some of them contemplated increasing the carrying charges. Others wished to do so but stated they were prevented from doing it by the usury laws of their states.

Independent research as well as the special poll by our National Retail Credit Association shows that carrying charges, on instalment accounts, are becoming more generally assessed, and that, in the main, the results are satisfactory both to the merchants and the customers. In some states, new legislation seems needed before the dealers can make adequate carrying charges. Where this is true, the legislation should be forthcoming.

In our remarks, thus far, we seem to have assumed that all the accounts would run to their maturity. In fact, many of them will be prepaid. Mast people believe that when an instalment account is prepaid, at an early date, a portion of the charges should be refunded to the customer. Some merchants refund all the carrying charges when the account is paid in full within 120 days. If, as we believe, these charges are needed by the dealer it would seem better to compute the refund by reference to a Title I FHA Refund Chart, or on a 12/78s basis. This would return the unearned charges to the customer and conserve the earnings of the dealer.

Carrying charges, on instalment accounts, are of interest to banks, finance companies, merchants and the general public, and no doubt will have more importance in the years ahead. Eventually, they will have the attention of the state legislatures and our help will be needed. In the meantime, we shall do well to know our costs and be prepared to show that our charges are honest and fair to all concerned. Thus, we shall merit and have public support in them. ***

PROGRAM

45th ANNUAL INTERNATIONAL CONSUMER CREDIT CONFERENCE

Statler-Hilton Hotel, Dallas, Texas, June 21-25, 1959

Sunday Afternoon, June 21

"Magic With Meetings"

2:30 to 5:00 p.m.

The purpose of this meeting is to increase knowledge and skills necessary in holding interesting and productive local credit association meetings.

Full details will be found on page 15 of this issue of The CREDIT WORLD.

Monday Afternoon, June 22

The Credit Workshop

Chairman, Earle A. Nirmaier, W. Wilderotter & Co., Newark, New Jersey, Vice President, National Retail Credit Association.

"How to Open a Credit Account"
E. L. Goodman, Burger-Phillips Company, Birmingham, Alabama

"How to Analyze the Credit Risk"
Robert M. Wylie, Weinstock Lubin & Company, Sacramento, California

"How to Accept or Decline the Account"
Mrs. Jo Hubbard, Sterchi Bros. Stores, Chattanooga, Tennessee

"How to Collect Monthly Charge Accounts"
Howard A. Clarke, Gimbel Brothers, Pittsburgh, Pennsylvania

"How to Collect Instalment Accounts"
W. F. Streeter, Boutell's, Minneapolis, Minnesota

"How to Get New Credit Business"
W. F. Cofer, Neiman-Marcus, Dallas, Texas

"How to Promote Inactive Accounts"
Hugh M. Martin, The Addis Company, Syracuse, New York

Tuesday Morning, June 23

8:45—ASSEMBLY—GRAND BALLROOM, Statler Hilton Hotel

9:00—CALL TO ORDER
J. C. Gilliland, Fingerhut Manufacturing Company, Minneapolis, Minnesota, President, National Retail Credit Association
Invocation
L. A. Brumbaugh, Valley National Bank, Phoenix, Arizona, Vice President, National Retail Credit Association
"Welcome to Dallas"
Honorable Robert L. Thornton, Mayor of Dallas
In Memoriam

9:30—APPOINTMENT OF COMMITTEES

9:35—REPORT OF NOMINATING COMMITTEE

9:40—INTRODUCTION OF REPRESENTATIVES OF EXHIBITORS

9:45—Greetings
Mrs. Mary Morgan, Clark Optometrists, Houston, Texas, President, Credit Women's Breakfast Clubs of North America
A. B. Gillespie, Dr. Smith and Associates, Vancouver, British Columbia, Canada, President, Credit Granters' Association of Canada
Donald H. Puffer, Credit Bureau of Greater Denver, Denver, Colorado, President, Associated Credit Bureaus of America

10:15—"It's Fun to Face Facts"
DeLoss Walker, Chicago, Illinois

11:00—Bankruptcy Problems—Chapter 13, Wage Earners Plans
Edwin L. Covey, Chief, Division of Bankruptcy, Administrative Office of the United States Courts, Washington, D. C.

11:30—Topic to Be Announced
Ben H. Wooten, President, First National Bank, Dallas, Texas

12:15—THE GEORGE A. SCOTT AWARD
Presentation by Dean Ashby, The Fair, Fort Worth, Texas

12:30—ANNOUNCEMENTS AND ADJOURNMENT

Wednesday Morning, June 24

9:00—ASSEMBLY—GRAND BALLROOM, Statler Hilton Hotel
REPORT OF THE BYLAWS COMMITTEE

9:30—RECONVENE

9:45—"Streamlining Your Letters"
Waldo J. Marra, Los Angeles, California

10:30—"Successful Credit Department Operations"
Albert A. Biel, Operations Manager, American Furniture Company, El Paso, Texas

11:00—"Reducing Bank Check Losses"
Moderator, L. A. Brumbaugh, Valley National Bank, Phoenix, Arizona, Vice President, N.R.C.A.
"The San Antonio Program"—J. Roy Willett, Jr., Merchants Protective Association, San Antonio, Texas
"The Kansas City Plan"—A. L. Dye, Credit Bureau of Greater Kansas City, Kansas City, Missouri

12:00—ELECTION OF OFFICERS

12:15—ANNOUNCEMENTS AND ADJOURNMENT

Thursday Morning, June 25

8:45—ASSEMBLY—GRAND BALLROOM, Statler Hilton Hotel

9:00—RECONVENE

9:15—Panel Discussion, "It's What They Want That Counts"
Hubert L. Miller, Pure Oil Company, Chicago, Illinois
Cyril J. Jedlicka, City National Bank and Trust Company, Kansas City, Missouri

Theme of Conference

The theme of the 45th Annual International Consumer Credit Conference to be held in Dallas, Texas, June 21-25, 1959, is: "Making Credit Profitable."

David K. Blair, H. Liebes and Company, San Francisco, California

Robert K. Pinger, Credit Bureau of Greater Houston, Houston, Texas

W. D. Conel, Retail Merchants Credit Association, Los Angeles, California

Bruce K. Ward, Credit Bureau of Casper, Casper, Wyoming

10:15—"Instalment Legislation"

Arthur E. Kaiser, Consultant, Instalment Legislation, State of California, Los Angeles, California

10:45—"How to Grow Management Brains"

Morris I. Pickus, President, Teleclinics, Inc., Westport, Connecticut

11:45—ANNUAL AWARDS

Mrs. Mary Morgan, Houston, Texas, President, Credit Women's Breakfast Clubs of North America

Introduction of Officers, Credit Women's Breakfast Clubs of North America

INTERNATIONAL ACHIEVEMENT AWARDS

Donald H. Puffer, President, Associated Credit Bureaus of America, St. Louis, Missouri

Introduction of Officers, Associated Credit Bureaus of America

MEMBERSHIP AWARDS

Charles F. Sheldon, General Membership Chairman, National Retail Credit Association, Manager, Philadelphia Credit Bureau, Philadelphia, Pennsylvania

Introduction of Officers, National Retail Credit Association

12:15—ANNOUNCEMENTS AND ADJOURNMENT

Group Meeting Chairmen

Consumer Finance

(Banks, Finance, Loans, Automotive)

Chairman, Babe Cialone, The Merchants National Bank, Fort Smith, Arkansas

Co-Chairmen, A. J. Carnesi, First National Bank, Brownsville, Texas

A. J. DeMarco, Family Finance Corporation, Miami, Florida

Building Materials

Chairman, O. L. Dawson, Weakley Watson Miller Hardware Company, Brownwood, Texas

Co-Chairman, Mrs. Dorothe Bolte, Lyons Brothers Lumber Company, Joliet, Illinois

Home Service

(Dairy, Bakery Goods, Drugs, Dry Cleaning, Laundries, Fuel)

Chairman, L. B. Skinner, Wm. H. Roberts & Sons, Inc., Indianapolis, Indiana

Co-Chairman, C. T. Hosmer, Fishburn Cleaning and Dyeing Company, Dallas, Texas

Department, Apparel and Shoe Stores

Chairman, H. M. Martin, The Addis Company, Syracuse, New York

Co-Chairmen, M. J. Kearney, Goldstein-Migel Company, Waco, Texas

W. J. Sarrat, Maison Blanche, New Orleans, Louisiana

Furniture, Radio, Television, Electrical Appliances, Jewelry and Musical Instruments

Chairman, Walter Moore, Ellison Furniture and Carpet Company, Fort Worth, Texas

Co-Chairmen, S. J. Perlmutter, American Furniture Company, El Paso, Texas

Fred Ellis, Crowell-Gifford Company, Port Arthur, Texas

Saul Stone, May Stern & Company, Pittsburgh, Pennsylvania

Medical, Dental, Clinic, Hospital

Chairman, Stephen F. O'Connor, St. Mary's Hospital, East St. Louis, Illinois

Co-Chairmen, John A. Ward, Lovelace Clinic, Albuquerque, New Mexico

Lois McIver, Gaston Hospital, Dallas, Texas

Petroleum

Chairman, Carl Kilgas, General Petroleum Corporation, Portland, Oregon

Co-Chairman, R. R. Thomas, Shamrock Oil and Gas Corporation, Amarillo, Texas

Public Utilities

(Electric, Gas, Telephone)

Chairman, G. W. Crawford, Alabama Power Company, Birmingham, Alabama

Co-Chairman, Frank Seffel, San Antonio Public Service Company, San Antonio, Texas

Dallas Hotel Reservations

Hotel reservations for the conference will not be accepted by the Statler Hilton, Adolphus, or Baker Hotels until your registration fee has been paid. After you receive an acknowledgement of your conference registration from the National Office, write direct to the hotel for your room reservations. The hotel will be notified that your registration has been paid.

Hotel Rates

STATLER HILTON HOTEL

	Minimum	Average	Best
Single Rooms	$ 7.00	$ 9.00	$13.00
Double Rooms	10.00	12.00	16.00
Twin Rooms	12.50	14.50	18.00
Suites	20.00	27 to 38	50 to 65

HOTEL ADOLPHUS

Single Rooms: $5, $6, $7, $7.50, $8, $11
Double Rooms: $8, $9, $10, $10.50, $11, $14
Twin Bedrooms: $10, $10.50, $12, $14, $15, $16, $19
Parlor Suites: 2 rooms $20 to $28
3 rooms $33.50 to $40

BAKER HOTEL

Single Rooms: $5.50, $6, $6.50, $7, $7.50, $9, $9.50, $10.00, $11.00
Double Rooms: $7.50, $8, $8.50, $9, $9.50, $11.50
Twin Bedrooms: $8.50, $9.50, $10, $11.50, $12, $13, $14
Parlor Suites: $23.00, $35.00 and up

THE BAKER HOTEL is only three blocks from the Statler Hilton. There is a garage in connection with the hotel.

Newspapers and Broadcasting

Chairman, Clifford Moore, A. H. Belo Corporation, Dallas, Texas

Sunrise Session

Audience Participation
Coffee and Sweet Rolls Served
7:30 to 8:45 a.m., Tuesday, June 23

TWO GROUPS

Chairman, William J. Tate, Charles Ogilvy Limited, Ottawa, Ontario, Canada
Subjects for Discussion, Group One
Credit Sales Promotion
Collections
Credit Department Expense Control

Chairman, David K. Blair, H. Liebes and Company, San Francisco, California
Subjects for Discussion, Group Two
Skip Tracing and Kindred Problems

"Don't you fergit, we never claimed to have more ice, islands, or isolation than anybody anyhow!"

And don't you forget either, to come down and have a look-see at Texas. You know, we have enough cattle in this state to feed the whole United States for a pretty long time and enough cotton to clothe most of the world. We even have some gold mines, not to mention that "black gold" stuff. If your state happens to need some more people to populate it, we will be glad to give you some—but be sure to come down to the International Consumer Credit Conference to pick them out.—J. E. R. Chilton, Jr., *General Conference Chairman.*

Wednesday Afternoon, June 24

Joint Group Session

On Wednesday afternoon, 2:30 to 5:00 p.m. all N.R.C.A. groups will meet together for discussion of problems common to all.

Chairman, Fred R. Hachtel, Gimbel Brothers, Milwaukee, Wisconsin

Topics for Discussion at All Group Sessions

Come prepared to discuss the practical, down to earth topics listed below and other management problems at the group sessions. Bring your own problems with you for group discussion.

The Option or All Purpose Charge Account;
Advantages and Disadvantages
Service and Carrying Charges;
How much and when added
Credit Sales Promotion;
a. Teenage and student charge accounts
b. Newcomer Service
c. Inactive Account Promotion
d. Increasing Sales of present customers
Bank Checks
Expense Saving Ideas for Credit Sales Department
What makes a Credit Manager a successful sales producer?
Age Analysis of Accounts Receivable
When to turn accounts over to Professional Collection Agency
The place of medical credit in the total credit picture
Best ways of handling complaints and adjustments
Pooling plans
Credit Bureau Service
Cooperation between Sales and Credit Department personnel
Calculating rebates on service and carrying charges
Credit department organization and work flow
Incentive pay plans for credit office personnel
Improved methods and time saving devices
"Do It Yourself" credit interviewing
State Laws Governing Consumer Credit
The Credit Department;
a. Management's attitude
b. The public attitude
c. Store personnel attitude
What is the ideal credit application form?
Late charges on instalment accounts and addition of service charge on monthly charge acounts
How can we improve credit department letters?
Attracting promising young people to the retail credit field
What to look for in hiring credit department personnel
Billing methods
Collecting monthly charge accounts
New account acceptance procedure
Chapter 13, Bankruptcy Act
Revolving Credit;
Advantages and Disadvantages
Educating the Credit Customer
. . . and many other topics.

Magic With Meetings

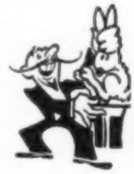
If You Can Use Sound Ideas That Will Help You Have Better Association Meetings, Make Plans NOW to Attend the Sunday Afternoon Joint Educational Meeting at the 45th Annual International Consumer Credit Conference, Dallas, Texas, June 21, 1959.

Mary Frances Bowden

Supervisory and Management Training Specialist, The University of Texas, Division of Extension, Austin, Texas, will be the leader at the meeting . . . 2:30 to 5:00 p.m., Sunday, June 21, 1959.

Mrs. Bowden is a graduate of Tulsa University with additional work at the University of California and New York University. She has served as training director at Neiman-Marcus, Dallas, Texas, and personnel director at Lichtensteins, Corpus Christi, Texas, and in similar positions in other leading department stores in Texas and Oklahoma. During Mrs. Bowden's many years with the University of Texas, she has conducted training programs involving over 10,000 people in retail, wholesale, and service selling. During the past two years she has participated in special management programs for credit bureau managers at the University of North Carolina, the University of Illinois, the University of Kansas, and the University of Texas.

Theme:	**Magic With Meetings**
Objectives:	**To increase knowledge and skills necessary in holding interesting and productive local association meetings.**
You Will:	**Create Magical Topics** **Sell! Sell! Sell!**
You Will:	**Produce Magical Plans** **Effective — Productive**
You Will:	**Make Magic Stay Alive** **You, the Dynamic "Mandrake"**



What Is the Most Important Cr

From the point of view of credit bureau managers, the most important consumer credit problem during the coming year will be to bring consumer credit management personnel to realize just how beneficial the credit bureau can be to them. The manager of credit sales who takes advantage of all the "Accounts Receivable Management" services offered by the credit bureau is able to obtain maximum potential sales volume through offering credit plans to consumers, with a minimum of expense in operating his department, yet keeping bad debts within the average limits for his type of business. The specialized services offered by the credit bureaus provide a valuable and necessary supplement in professional staff, equipment and know-how which, individually, few of our members could afford. Whereas merchandising is competitive, credit granting is co-operative, and credit bureau managers will face their greatest challenge in first, making business people aware of the varied and valuable credit bureau services, and second, assuring that standards of quality and service can be maintained as greater use is made by credit management of the services we offer.—S. French, Managing Director, Credit Bureau of St. John's, St. John's, Newfoundland, Canada.

★ ★ ★

The retail field faces great competition in both employing the calibre help that is needed and keeping them in the ranks permanently. Certainly all organizations have a new employee training program, but after they graduate to the well-informed worker, do we do our best to keep them? It is a fact that we must like what we are doing for a livelihood to pass up the business opportunity that knocks at our door offering more pay, better hours and more attractive employee benefits. Let us make it a New Year's Resolution to do our best and not forget the employee we need when "Seasoned to Our Taste." Keep them interested, pay tribute to their ability when warranted, and do not take them for granted too much of the time Contentment in employment may, in many cases, outweigh the desire to leave.—Mrs. Martha Bean Gleason, The Credit Bureau, Inc., Washington, D. C.

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We believe that one of the most important credit problems confronting bankers who are engaged in consumer financing will be the problem of proper control of automobile financing. While it is too early in the year to be certain, it appears that 1959 model automobile sales may not reach the predicted volume. As a consequence, more and more pressure may be felt to lengthen terms and reduce down payment requirements. This, no doubt, will be felt from the factory level down through the dealer organization. In their desire to substantially increase sales of the higher priced automobiles, it is almost certain that this pressure will be quite noticeable. With the noticeable upturn in our economy it is felt that the public will feel more free to spend their savings, but it is still too early to know if the prices of the cars will be sufficiently attractive to generate a substantially increased volume of sales. The popularity of the smaller economy car has continued to increase but to date these have caused no financing problems. The package, dollar-wise, is less and the buying public better able to meet the monthly payments. Inventories, which up to the first of December, had not increased substantially have subsequently been materially increased due to factories' ability to turn the cars out in great quantities. This of itself will bring pressure on the dealers to move the merchandise even though they make little if any profit. We, therefore, conclude it will be necessary for all of us to maintain a united front to resist the demands which will be made of us to provide unsound financing programs which ultimately would be of benefit only to the factories.—J. H. Gormley, Vice President, Instalment Credit Division, Seattle-First National Bank, Seattle, Washington.

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Our organization feels that stores will be faced with serious credit problems in the coming year. Going from a period of semi-pessimism to one of optimism should result in expanded credit sales with increasing credit problems. In pessimistic times credit sales decline faster percentagewise than income for the same period. In optimistic times the converse is true. With the optimistic outlook for business in 1959, there is great danger that customers may become overextended in their purchases. It will be up to credit managers to hold customer limits at a reasonable figure, even though it may result in a loss of business volume. The second great problem is the expansion of budget sales with the resultant need for additional capital of finance accounts receivables. With public acceptance of budget credit, and ever-increasing number of 30-day accounts being converted to budget accounts; accounts receivable will take an even greater proportion of the stores' working capital. Third: Top management and credit managers must take a more realistic viewpoint towards reserves for uncollectible accounts. The slight recession at the beginning of the year resulted in slower collections of accounts and increased credit losses. Today the largest single asset of most stores is its accounts receivable. An acute recession could easily result in the loss of a large percentage of this asset. Reserves for bad debts must not only be sufficient for normal credit losses, but should be large enough to provide a cushion in event of a business recession. Failure to provide such a reserve could easily result in financial difficulty for what are now considered prosperous organizations.—A. D. Grossman, Craigs, Houston, Texas.

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When Cain tried to shrug off responsibility for Abel with, "Am I my brother's keeper?," he long suffered the consequences. Today's credit managers will just as surely pay the penalty when they fail to act as their "brother debtors" keepers. "Keepers" at least to the extent of offering sound credit counsel and advice. I feel this necessary not only for the financial welfare of those applying for credit, but for those extending it. In mortgage lending, we are compelled to judge safety of the loan on present indebtedness in relation to income. In many instances this allows a substantial portion of income for home loan payments. While perfectly logical, this method can still allow a credit situation to develop which will spell disaster, or at least a great deal of inconvenience, for everyone concerned. The home loan payments which seemed reasonable at the outset, can seem monumental after an automatic washer and dryer, deep freeze, and a new car are added to the monthly payment load. Also, taxes are increasing yearly and many new properties are heavily assessed. In the case of those making their first home purchase, this situation is foreseeable. But often, not to them. That is where we, and I mean all credit managers, have a moral responsibility to remind eager purchasers that two plus two will not equal more than four when the bills come due. I admit this is hard to do. Everybody wants to do business. But in the end, the business we do is not good unless it is good business. That is why I feel our biggest credit problem in 1959 will be that of sensible credit counseling rather than too-eager credit extension.—Elaine Kunz, Lincoln First Federal Savings & Loan Association, Spokane, Washington.

dit Problem for 1959? The Current Trend Of Credit Thought

Because I believe wholeheartedly in the supreme importance to our economy of mutual confidence in credit relations and because, in my work of counseling over-extended families, I can see this confidence being undermined at a rather alarming rate, I am compelled to offer the following opinion: In 1959, retail credit faces the eruption of a long-smouldering problem. This is the abuse of credit by a growing minority of retailers to whom credit is a gimmick for exploitation among the wage-income groups. Such merchants do not cooperate with other credit granters and have little regard for the rules of sound credit. They are too familiar to require further identification. It is not popular to sound warnings in a blooming economy but I am convinced that the credit communities can afford no longer to overlook or to condone these practices, because they carry a two-edged threat to retail credit; (1) The increasing drain-off of potentially good customers who, because of such exploitations, will never learn to regard "credit as a sacred trust," and (2) The imminent possibility of legislation across the U. S. penalizing and restricting all credit because of abuses by the few. Retail credit is a priceless structure. It may be time to have a look at the termites.—Price A. Patton, General Manager, Financial Adjustment Company, Chicago, Illinois.

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As to retail credit for 1959, it will grow much more a risk than ever before, and people pay the "contract payments" first, because of the "hatchet men" who pick up after first payment is missed. Open account retail credit has no legal way to collect. So I predict a much more difficult time for us in the future.—Mrs. Una Pearson, Pearson's Exclusive Food Store, Fort Smith, Arkansas.

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The problems in credit only change with the economy of an area or the country as a whole. This year all indications are that the consumer will still be "King," and that we will all have to go after business aggressively. Space age sales require space age decisions. We in the credit bureaus must have the information in our files when our member calls. We must seek and find the good risks as well as the bad. Our records will have to be up to date all of the time. For years we have thought in terms of a county because that was the legal description of the area we covered. Now the limits of North America would seem too close. Offices covering many states must see that the derogatory information is automatically fed into the files of the bureau. We must also devise and sell systems that will do the job but are not as costly as those of the past. The challenge for the bureaus would seem to be that we must double and triple our speed, but hold the line on our costs.—Donald H. Puffer, Executive Vice President, Credit Bureau of Greater Denver, Denver, Colorado, President, Associated Credit Bureaus of America.

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Our Pacific Northwest has a problem that is becoming more apparent each day. I suspect that the Oregon Centennial celebration in 1959 will increase this problem. This is one of continual population movement to the Northwest from other parts of the country. We are told that the population should double within the next few years. This simply means that with new consumers moving into our locality on a much greater scale we must be even more conscientious in our decisions concerning credit. Another phase of this problem is the spiraling number of bankruptcies by individuals. Too many legal advisors have pushed individual bankruptcies as a "bread and butter deal." These legal advisors have found that putting one person through bankruptcy each week will maintain most of their necessary office expenses. The bankruptcy rate seems to be rising in our locality along with the increasing population. The answer to the problem may be one of educating not only the consumer, but also one of educating the retail credit granter. —Ernest W. Reames, Manager of Credit Sales, Hogg Bros., Salem, Oregon.

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The year 1959 will bring a number of important retail problems to the credit field: 1. The rapid growth of revolving credit indicates that it is meeting an important consumer need. The service charges imposed by most of the stores is helping to defray the cost of carrying this more costly form of consumer credit. The 30-day account customer who takes 60 or 90 or even more number of days to clear her account, is getting a "free ride" without sharing her portion of the credit costs. The imposition of late service charges on accounts delinquent over 30 days is an important step towards treating all credit customers fairly, in relation to the cost of carrying the various types of accounts. 2. The growing trend of consumer bankruptcies will require Federal legislation to curb some of the abuses in this field. The debtor who, through no fault of his own, requires rehabilitation, is entitled to relief under the bankruptcy law. However, some way must be found to curb debtors who load up with every conceivable form of credit, and then run for the haven of the bankruptcy law, with a lack of good faith permeating their entire action. 3. A number of states have passed, or are considering legislation controlling instalment selling and rates of service charge. Such legislation is constructive and will only hurt the fringe type of retailer, provided the legislation is well-conceived and equitably imposed. The credit man must lend his assistance to the state legislators, to see that equitable statutes are enacted. 4. Electronics will soon be practical for consumer billing. To pave the way for this development, consumer credit accounts numbers on a community or area basis will be extremely helpful. Contemplated conversions of group plate installations should incorporate group consumer account numbers. 5. The credit man must remain alert to the new trends for accelerated use of community-wide and nationwide credit cards. There is a great deal that is constructive in this trend, but such movements, if unwisely conceived, can often take turns destructive to our over-all credit economy.—S. J. Shaffer, Controller, May Co., Los Angeles, California.

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Generally, all credit operations, whether department store, instalment or specialty firms, must continually strive to maintain and/or increase credit sales as well as to liquidate accounts receivable by maintaining a satisfactory collection percentage. Economic conditions directly affect credit sales and, of course, collections. Many areas are at present in a period of recession (perhaps slight but still strong enough to affect sales and liquidation of credit accounts). Within these affected areas, the various firms, which extend the privileges of a credit account, might (or must) make certain changes in policy, in order to maintain a profitable operation. The firms, which previously had been conservative and more selective in granting credit privileges, as well as insisting on short term liquidation periods, might have to offer more liberal terms, and perhaps relax conservative rules, regarding the granting of an account—and therefore accept some accounts which previously would not have

been acceptable. On the other hand, the firms, who in the past have been most liberal in credit granting and offered maximum terms of repayment, may have to tighten up these over-liberal credit policies. These firms have, by and large, customers whose type of employment is the first to be affected by recession and economic reverses. These customers might be (and usually are) loaded with credit obligations and have a minimum in reserve money to keep them going. Therefore, these most liberal credit-granting firms might have to tighten up in their credit extension policy to insure a proper and healthy condition of accounts receivable. They will have to become more conscious of various expense factors, and try to reduce these expenses, in case sales fall off, while at the same time, put to use all ingenuity in order to try to maintain (all possibly increase) credit sales from the good, open accounts; step up their solicitations towards paid-up accounts; and to strive for more new, acceptable customers.—Saul Stone, Credit Manager, May-Stern & Company, Pittsburgh, Pennslyvania.

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It is my opinion the year 1959 will be a repeat of the year 1958 with some few changes or improvements. As we continue to a more peaceful type of economy our sales are less with government-sponsored projects and more to full dealings with our fellowmen. I am basing my credit operations on a platform I call "The Three Cs": Care, Courage, Compassion. CARE in choosing accounts; care in taking full informative applications; care in impressing upon the sales force the importance of credit agreements. COURAGE in declining poor credit risks; courage to refuse a sale for lack of information; courage to set limits when necessary. COMPASSION in helping when unfortunate individuals are overloaded; compassion in striving to work out plans so payments can be made regularly; compassion in understanding when unlooked for difficulties arise. We, to be successful credit managers, need to have a new picture painted of us. We are not "Scrooges." We are as desirous of sales as any sales group but we do want to know as surely as possible the certainty of collections.—L. O. Sylvester, Manager, Credit Sales, Newton Lumber & Manufacturing Company, Colorado Springs, Colorado.

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A cross-section survey of our members revealed that credit problems as such for 1959 are not too worrisome since business is satisfactory and the general business forecast is favorable. However, one problem not confined to credit was stressed, i.e., customer relations or the lack of it. The right merchandise at the right price may fail to interest customers if the store's sales personnel is not well-trained in good customer relations. Conversely, the well-trained, friendly sales clerk will always attract customers, because the latter like to know their business is appreciated—that they are wanted. In this area, at least the 1959 problem is better customer relations.—Jo Tarpey, Manager, Credit Bureau of Greater Gary, Gary, Indiana.

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With the present economic trend projecting into 1959, competition in instalment selling will be keen and and will require a larger outlay of capital, or necessitate borrowing from the banks at a larger than ever rate of interest. One of the important problems confronting the small retail merchant will be the decision as to the length of time to extend on instalment sales, 12, 24, 36 months, etc. Should the credit manager make long-term contracts in order to build volume and to meet competition thereby making little or nothing from the standpoint of interest, paying the largest portion of it to the banks, or should he attempt to sell merchandise, not credit, being satisfied with less volume but perhaps more profit? This problem confronts us as credit granters now and will be more prominent in 1959 and will require clear, level-headed thinking on the part of both management and credit managers.—Earvin H. Trimble, Controller, Loeb's, Inc., Lafayette, Indiana.

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It is my opinion that the most important problem now, and one which has been facing us for some time, is the problem of education. Every year as more people are educated to buy on credit there is an increasing need to further the knowledge of senior high school students so they will be equipped to know the type of credit transaction in which they are becoming involved, the various credit terms and their meaning, and obligations, both moral and legal, the value of a good start in credit and the consequence of not maintaining a satisfactory paying record. This matter of education, of course, is not limited to students but is rather a matter which should be placed before the public in general the same as a business would advertise its products. If all retail credit organizations would take on some sort of educational programs, regardless of how big or how small, it is my opinion that one of the more important retail credit problems to confront us in 1959 would be on its way out.—R. M. Allton, Secretary-Treasurer, Ray Beers Clothing Company, Topeka, Kansas.

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I do not foresee any unique credit problems that will face credit granters in 1959. I do foresee that the more successful businesses will be successful because top management will be paying closer attention to that most important, yet most vulnerable asset, accounts receivable. As percentage of credit sales increase, this asset is going to increase. Alert management is going to watch closely the ratio of declines, the ratio of delinquencies, and the spread of its accounts by customer occupation, especially in industrial communities where it would be dangerous to have too much of its receivables concentrated with customers having common employment. Firms failing to push for increased credit sales to acceptable risks will face a problem of falling volume or will hold their volume but suffer from failure to screen adequately credit extensions.—Chapin S. Carnes, Credit Bureau of Albuquerque, Albuquerque, New Mexico.

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The most important retail credit problem in 1959 will be one of maintaining or at best trying valiantly to maintain a respectable collection percentage. Having just passed through a period of "economic readjustment," more attention must be focused upon the field of collections. I feel this is more important *now* than at any time in recent years. People have had the "out" of missing payments due to unemployment; thus, the necessity of getting them back to a more or less normal payment routine. It behooves each of us to strengthen and enforce the systematic collection of all accounts during the recovery year of 1959!—Robert Cox Conlogue, Credit Sales Manager, Cox's, Inc., McKeesport, Pennsylvania.

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Even though everything we read points to "boom" business in 1959, I believe Credit Sales Managers still have to find ways and means of opening more and more credit accounts. By this I mean a more careful analysis of borderline cases, which, in times of good business we are inclined to pass up in favor of the applicant with a more perfect credit record. Some wide-awake credit man or woman is going to make a good paying customer of this applicant. Why not sharpen up our credit office personnel so that they will do a good educational job when this customer applies—then have a collection follow-up system that will let these customers know when we expect our money. Too many poor-pay customers are created by a haphazard explanation of terms in the beginning. The old axiom that an account well opened is half collected is as true today—maybe more so—than when it was first coined. We must earn more and more respect for ourselves and our jobs by doing our jobs better, always remembering that the Credit Department is the heart of every retail business.—Mrs.

Lillian Lawrence, Credit Sales Manager, Gustke & Sons Furniture Co., Battle Creek, Michigan.

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Flexibility and alertness are two words that should be constantly in a credit manager's thinking for 1959. The problems that come up will not be new. Collections, expenses, sources of new business, reactivation of old accounts, personnel and many others will still be with us. The ways and means of meeting them successfully will depend on the credit manager's ability to adapt his thinking to the ever changing economic and political scene. Thus, in my opinion, the most important problem that faces us is . . . ourselves. —John C. Mathers, Credit Sales Manager, Novell's, Norristown, Pennsylvania.

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This is the age and these are the times of the "Do-It-Yourself" madness: a delightful craze, affording exercise, relaxation, diversification of interests and development of latent talents—so we are told in every magazine and newspaper. "Do-It-Yourself-ers" now build boats, bomb shelters, bake buns, build auto bodies, bassinets and braggadocious hi-fi sets. So, is it little wonder that the retail credit field is becoming more enamoured with the possibility of developing within their own store a "Do-It-Yourself" credit and collection department? Not one created to procure monies from relatively easily-collected accounts, which task is performed with relative ease, efficiency and at a considerable profit to both the store and the good name of the credit manager responsible for such activities—no, the "Do-It-Yourself" craze requires complete development of all facets of whatever activity such advocates embark upon. The professional collector, restrained by the need for showing a profit from the collection activity undertaken by his credit bureau, views with startled amazement the local furniture store, or other retail establishment, which finds it possible to expand their credit reporting and collection department by the addition of one or two professional collection people, whose task it is to attempt to collect from several hundred dollars' worth of charged-off accounts monthly, a sufficient revenue to match the salary established for their own activities. Would you not perhaps agree that retail credit firms who expend a disproportionate effort in the collection of delinquent accounts are breaking the law? I mean, of course, the law of diminishing returns. Perhaps it would be wise for the "Do-It-Yourself-ers" to take a critical look at his credit collection policy. Is it not entirely possible that a more profitable job could be done in the best interests of management by assigning $600.00 worth of past-due and uncollectible accounts to the local credit bureau, in preference to asking the impossible of a credit department; namely, the collection from the $600.00 in charge-offs of enough accounts so that the salary of the collector can be met, together with expenses incurred by his collection activity? I wonder how many credit managers can truthfully support their "Do-It-Yourself" principle on the basis of actual collection achievements, compared with the cost of said activities. The law of diminishing returns requires that the cost of whatever efforts are expended must be less than the monetary return achieved from said efforts. Obviously, an account should not be assigned to your credit bureau unless and until the cost factor involved in collecting your account yourself is greater than results achieved. Perhaps an earlier assignment of delinquent accounts and a reduction in collection effort within your organization would show a greater dividend. An application of effort and personnel to the development of better credit sales and credit promotion might well be the key to increased sales through the expansion of credit sales and the use of your professional collection agency.—Eugene S. Mikkelson, Manager, The Credit Bureau of Bellflower, Bellflower, California.

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In the coming year, two things will require the serious attention of credit managers—costs and the possibility of state control of consumer credit. There are inflationary trends which will make for higher operational costs, therefore, tighter control will be necessary to keep costs at a minimum. Credit managers should make a serious study of the operation of the credit and collection departments to streamline and possibly eliminate some of the routine methods of handling investigations and collections of accounts. I shall never forget the thought implanted in my mind at one of our conferences by a gentleman who worked with the Hoover Commission. The title of his talk was "Don't File It; Throw It Away." While this thought-provoking statement caused us to look at every aspect of credit granting and collecting, we did give special attention to our files and what we were filing and why. I believe we can get into such a habit of doing things a certain way that we cannot have a true perspective of the job we are trying to accomplish. It is necessary to stand off and in our mind's eye look over the many ways we do our jobs to see what short cuts can be made to save time and money. The second item is state legislation. Many states have laws which govern instalment credit. It is inevitable that many more states will pass laws to regulate consumer credit. The job before us is to work with our association committees to see that they can in turn work with the various state legislators so that they are made aware of our problems as well as the consumer's problems. In that way as equitable a law as possible will be enacted. This will be a hard job and require a concerted effort on the part of every credit granter.—Earle A. Nirmaier, General Budget Director, Wilderotters, Newark, New Jersey, Second Vice President, N.R.C.A.

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Closer cooperation among credit granters in an effort to protect investment, capital, and profit seems to be an essential part of future planning during the months ahead when credit sales are destined to make tremendous growth. The vast extension into the credit field and the battle for supremacy in the credit card field between the American Express Company and the Diners Club group is causing concern and anticipation among businessmen from coast to coast. The extension of the credit card business promises to lengthen still more the list of services and products a card carrying American can buy on the cuff, so states David R. Jones, staff reporter for the *Wall Street Journal*. Everyone and every type of business is gearing their operation to the credit card idea, drug store chains, railroads, air travel, bus lines and eating houses. Even the insignificant bottle of aspirin is being mentioned as an item to be purchased on a credit card and included on the bill at the end of the month. Contact and efforts are being made to include car rentals, car repairs and amusement tickets. American Express President, Ralph T. Reed, concurs, "This country has grown so credit conscious that if anything comes along that looks practical, we'll try to sign them up. We are out to get all the service establishments we can and all the activities we can. We hope to enable people to use a credit card for most anything they send money on." Retailing, which so far has been exploited only to a limited extent by the two top national credit card concerns is due for intensive cultivation on a much larger scale before long. "Stores are going to be a big field for expansion," states Matthew Simmons, Diners Club Vice President. The 1959 problem, is how will all this affect sound credit practices, policies, and profits on credit operations?—Mrs. Helen S. Spendlove, First Vice President, Credit Women's Breakfast Clubs of North America, Bountiful, Utah.

Register NOW

TURN TO page 11 of this issue of The CREDIT WORLD, cut out the registration blank for the Dallas Conference, fill it in and send it to the National Office NOW. Plan to bring the family too. Send the blank in without further delay.

Dairy and Baking

QUESTION

"Please tell me when I should turn past-due accounts over to a professional collection agency?"

ANSWERS

Harry W. McMillan, General Credit Manager, The Borden Company, Detroit, Michigan: Below is a copy of our "Credit and Collection Objective" distributed to every employee in the Sales Classification. Every new Sales Department employee is given a copy of our "Credit Rules and Regulations" and "Credit and Collection Objective." This objective defines some of the important points of our credit policy. Paragraph 14 answers the question directed to the Dairies and Bakeries Panel. All accounts, regardless of amount, written off to "Reserve for Doubtful Accounts" are turned over to the local credit bureau collection department immediately after being dropped.

Credit and Collection Objective

1. The objective of the company is to have a harmonious relation between the route salesman and the branch credit departments. 2. This can be accomplished only by cooperation. 3. The branch credit department is ready and willing at all times to cooperate and help the route salesman when he comes into the branch credit department requesting information or aid in the handling of a credit or collection problem. 4. It also requires the cooperation of the route salesman to come into the branch credit department with his problems as the branch credit department cannot be of assistance unless they are informed. 5. This harmonious relation will be achieved only when the route ledgers are in a clean and healthy condition. 6. A clean and healthy route ledger is one that has all customer accounts, active or inactive, on a 90-day current basis and no over credit limit balances. 7. A 90-day current basis means that all customer accounts, active or inactive, have made substantial payments during the previous 90-day period. 8. All active accounts should pay their accounts, in accordance with the credit terms and in full, upon presentation of their statement. Cash accounts should pay cash daily. 9. A.D.C. and welfare accounts should be started on a Cash or Paid in Advance basis. No credit allowed. 10. A substantial payment on an active account owing a past-due balance, should be equivalent to the amount of the current bill plus one-half the amount of a previous billing. 11. Inactive accounts will include any account that is being served on a cash daily basis that owes a delinquent balance. 12. A substantial payment on an inactive account should be the amount of a previous billing. This includes cash daily accounts as covered in paragraph 11 and a substantial payment on these accounts should be in accordance with the original credit terms or the amount of one week's deliveries if the original terms were cash daily. 13. Credit terms represent one week, two week, 15th and 30th and monthly billing. 14. Any inactive account, including balances owing on cash daily accounts, that does not make a substantial payment in 90 days must be dropped to Reserve for Doubtful Accounts. 15. Any active monthly account that owes more than months bill will have to be collected and held on a 90-day current basis or less. This refers specifically to accounts that are owners of a seasonal business. 16. Service on any account having a credit limit must be discontinued by the route salesman before the account exceeds the established credit limit. This requires the full cooperation of the route salesman. 17. Service can be continued by the route salesman provided he obtains an extension of credit in writing by the branch credit department before the account exceeds the established credit limit. 18. We believe the adherence to the above, by both the branch credit department and the route salesmen, will attain the harmonious relations we are trying to achieve.

W. A. Schenk, Ideal Pure Milk Company, Inc., Evansville, Indiana: I would turn past-due accounts over to a professional collection agency three to six months after you have discontinued deliveries to your customer and your salesmen have made every effort to collect and you have written collection letters, made telephone calls, etc., and your customer completely ignores you; but should be able to pay.

Lewis B. Skinner, Wm. H. Roberts & Sons, Inc., Indianapolis, Indiana: Past-due accounts should be turned over to a collection agency as rapidly as you determine that your own organization either cannot collect or cannot profitably collect them. The sooner the accounts are turned over to the agency, the higher the return on the dollar. The accounts certainly should have been inactive less than a year for your agency to do a good job.

Harry N. Taylor, Credit Manager, Beatrice Foods Co., Tulsa, Oklahoma: All efforts possible should be made to collect by your own company before turning any account in for collection; only after all your efforts fail to recover should the account be listed with anyone to collect. The length of time may be determined by the response you get from the account after your calls or letters you may send out. Some accounts should be turned in as soon as possible, others at a later date; this again is determined by the history of the account. It is impossible to set a date to turn accounts in for collection as no two accounts have the same history. We have a larger banner in our salesroom that reads as follows: "More customers are lost because of the failure to collect promptly than for any other single reason." This I believe does more to hold down past-due accounts than any other thing we do.

Furniture, Musical Instruments, Electrical Appliances

QUESTION

"Please tell me on what basis should I calculate rebates of service charges on instalment contracts paid ahead of time?"

ANSWERS

John A. Broom, Jr., Cate-McLaurin Co., Columbia, South Carolina: On some of our contracts we use prorated rebate computation. If charges are added at the time of the sale, and the account is paid in 30 days or less, then we rebate the entire service and handling charge. On appliance contracts we use an indirect collection plan with GMAC and consequently rebates are computed on a different basis. They have their own rebate chart and we use it entirely. On these appliance accounts, if the contract has been sent to GMAC, then we will not rebate the entire charge if paid in 30 days, but rebate on the basis of 23 months anticipation if it is a 24 month contract.

L. A. Dudding, Galperin Music Company, Charleston, West Virginia: We are still charging one half of one per cent per month carrying charge on the balance after the down-payment. We calculate rebates at the same rate. Example: Balance $600.00 24 months @ $3.00-$72.00—$672.00. If paid in 12 months, $636.00, the debate would be $36.00.

Alexander Harding, Credit Manager, John H. Pray & Sons Co., Boston, Massachusetts: Rebates of service charges on instalment contracts is usually a matter of policy in a particular store, following a discussion between the parties involved. We have adopted the policy of charging the customer only for the actual number of months the contract has been in force and effect. In the event that the customer wishes to pay up the contract in full within 90 days we credit the entire service charge on the contract. Our experience has been that we have made many friends for our store when we receive a call from a customer regarding this matter that we figure the net balance for them and tell them "by paying this account today there will be a saving to you of so many dollars and cents so that your check to us should be $......" "The balance we will automatically credit to your account upon receipt of the check." Following such a call we make a notation on the ledger card so that when the cash posting is made the credit is immediately put through.

P. A. Howell, Credit Manager, Hemenway Furniture Company, Inc., Shreveport, Louisiana: I have always considered it fair to both the customer and the credit granter to allow a rebate for payment ahead of time in the same manner and at the same service charge rate as charged at time of purchase. It is agreed by all credit granters that the charge for opening the account and setting up the instalment record should be higher. The service charge rate per annum should become constant at approximately twelve months. Rate charts should be made up with that in mind. I think that the service charge rebate should be figured by the rate chart for the unused service charge. This method is more liberal than the "Rule of 78ths" that has been adopted by law in a number of states. Since we finance our own paper, I think that we should offer the customer as much inducement as possible for payment ahead of time.

Mrs. Jo Hubbard, Office Manager, Sterchi Bros. Stores, Inc., Chattanooga, Tennessee: If the balance of the account is the amount owing on a single charge, and payments on the account are up to date, calculate the amount of carrying charges as per the carrying charge chart on the unpaid balance for the number of months the account has yet to run. The result is the amount of carrying charge to be credited if the customer pays the balance in full. Example: December 1, 1956 Charge $110.00, Carrying Charge 12 months $9.24 (Terms $10.00 per month) Balance $119.24. June 1, 1957 Cash $10.00 Balance $59.24. Carrying charge for 6 months on $59.24 per chart is $2.52, which is the amount of carrying charge to be rebated if the customer pays the balance of $59.24 during June of 1957. If the above customer came in during August 1957 owing a balance of $59.24, and desired to pay the account in full, the customer would be delinquent two monthly payments. In that event the carrying charges to be rebated would be $1.68, being carrying charges for four months on $59.24. The balance would run six more months @ $10.00 per month, but since the account is delinquent two months, the customer is only due a rebate in carrying charges for the time the account has yet to run according to the contract—four months. If the customer desires to prepay the balance of an account consisting of several charges incurred over a period of several months, it is necessary to take each charge making up the balance of the account and determine the amount of rebate due on each item. In such cases, rather than use the chart in determining the amount of refund, prorate the carrying charges.

M. H. Myers, General Credit Manager, Barker Bros. Corp., Los Angeles, California: For many years it has been the practice in our organization to discourage the prepayment of contracts, inasmuch as we have felt that once we had established the account and made our own arrangements to carry it for the length of time agreed upon we preferred not to disturb, but rather to earn the credit service charges; on the other hand, we realize that some customers had legitimate reasons for desiring to prepay the accounts. We are able to borrow all of the money we need at the prime rate, but if the customer insisted upon prepayment, we offered to discount the balance of the account at the time of prepayment for the remaining life of the contract at 6 per cent per annum simple interest. There are many who feel that this penalty is too severe, and, as a matter of

Dallas Conference Registration

The registration fee for delegates of ACBofA, N.R.C.A., and CWBC of NA is $25.00. The registration fee for wives, children 12 or over, and other members of delegate's family is $15.00. The registration fee for children under 12 is $10.00. The registration fee for additional personnel of businesses or professions having one $25.00 registration at the same address is $15.00. Please note that the $15.00 registration fee will be accepted only after the $25.00 fee for that firm has been received. If any emergency prevents your attendance at the conference, you may cancel your registration prior to June 1, 1959, and receive full refund of your registration fee. There will be no refund of advance registrations after June 1, 1959. The first 1,000 persons registering prior to April 15, 1959 and paying the registration fee of $25.00 or $15.00 will receive a Texas-style hat illustrated in the February 1959 issue of The CREDIT WORLD on page 20. Please be sure to give your hat size on the registration form.

fact, in California it is not going to make much difference what our individual thoughts are regarding refunds, because we anticipate the passage of a state law regulating conditional sales contract terms, etc., some time this year. If the law passes as it is now set up, and we have every reason to believe it will, it will state as follows: "The amount of any such refund credit shall represent at least as great a proportion of the service charge or, if the contract has been extended, deferred or refinanced, of the additional charge therefor, as the sum of the periodic monthly time balances not yet due bears to the sum of all the periodic monthly time balances under the schedule of instalments in the contract, or, if the contract has been extended, deferred or refinanced, as so extended, deferred or refinanced." When you boil this all down it means the same system used by the American Bankers Association.

Earle A. Nirmaier, W. Wilderotter & Co., Newark, New Jersey, Second Vice President, National Retail Credit Association: The basis on which rebates of service or carrying charges should be figured must first of all conform to the laws of the particular state in which the contract is drawn. We, therefore, use a chart which is furnished by the Banking Commission of New Jersey. This chart is based on the rule of "78." We do however, deduct an opening charge from the total carrying charge before we figure the rebate to which the customer may be entitled. We never figure on a pro rate basis because a great loss can result to the dealer if this method is used.

Roy E. Teter, Manager of Credit Sales, Jenkins Music Company, Oklahoma City, Oklahoma: All of our instalment sales contracts are covered either by a Conditional Sales Contract or a Security Sales Contract, according to the state laws under which that particular merchandise is sold. Contracts issued for three months or less are not subject to Insurance Time Price Differential or service charges. On instalment contracts extending beyond three months, Insurance Time Price Differential is added for the necessary period, from the date of the contract. With this provision, should the contract be paid in full within three months, all added service charges are deductible. If the contract extends longer than three months, but is paid before the maturity date, all unearned Insurance Time Price Differential charges are returned to the customer. In other words, if a 36 month contract is paid out in four months, the customer would only pay four months charges. Our interviewers explain this to the customer at the time of the original sale. We have found over a period of 85 years this plan of refund is satisfactory and appreciated by our customers.

Calvin J. Veith, Southern California Music Company, San Diego, California: Actually we have no problem with regard to carrying charges, as our policy may perhaps be a little different than that of other organizations. First of all, in figuring our accommodations charge, it is based upon three-quarters of one per cent per month of the contract balance after down-payment and trade-in if any. In other words, if the customer had a $1,000.00 balance, his carrying charge would be $7.50 per month for the life of the contract. Our contracts are not normally figured on a specific number of months, and our charge is made on the due date each month the account remains open, whether it is for six months or four years. These accommodation charges are not added to the principal and figured in the total contract. Therefore, we charge each customer, each month there remains a principal balance. In this way, if the customer pays off ahead of time, it is unnecessary to figure rebate. Also, if a contract runs over the regular period of time, we are not required to figure late or additional charges. We have one exception to this method of computing carrying charges, and that is if a person desires to purchase on a 90 day contract, we require a minimum of one-fourth down with three equal instalments covering the balance and falling due in 30, 60 and 90 days. We collect the carrying charge on the first two payments and refund the carrying charge in full, providing the third payment is made within the 90 day period. We have found that this method of operation saves considerable time and eliminates any discussion regarding the refund or rebate of carrying charges on accounts paid in advance of their normal due dates.

L. G. Williams, Manager, Credit Sales Department, W & J Sloane, San Francisco, California: In California there is a very famous Wine Company that advertises very extensively: "Our Product is made the long, slow way. . . ."—"Wine made by 'inefficiency' experts. . . ." In a Credit Sales Department, making good public relations is like making good wine. It is a costly, long slow process. The rule of 78's for rebates has many aspects in its favor, but the old "inefficient method" of pro-rating the service charge for the unearned portion of time cannot be overlooked entirely. Expensive perhaps . . . but like fine old vintages, good public relations cannot be measured in dollars and cents, but only in terms of pleasure, satisfaction and the knowledge of doing what is best for everyone concerned.

LOCAL ASSOCIATION Activities

Edmonton, Alberta, Canada

At the annual meeting of the Credit Granters' Association of Edmonton, Edmonton, Alberta, Canada, the following officers and directors were elected: President, W. R. Sword, T. Eaton, Ltd.; Vice President, W. R. Sperry, Canadian Bank of Commerce; and Secretary-Treasurer, C. H. Williams, Credit Bureau of Edmonton. Directors: H. R. Kent, Imperial Oil Company; Mrs. Ida Kline, Walk-Rite, Ltd.; N. R. Lippe, Woodwards Stores, Ltd.; Mrs. Mary Swift, Alberta Warner Weather-Master, Ltd.; Stanley Poloway, O.K. Construction and Supply Company, Ltd.; Mynn McGaffin, Henry Singer, Ltd.; J. Von Schmidt, City Lumber Company; Mrs. Mary Magera, Alberta Warner Weather-Master, Ltd.; and Gordon Donaldson, Interprovincial Building Credits, Ltd.

Cleveland, Ohio

The new officers and directors of the Cleveland Retail Credit Men's Company, Cleveland, Ohio, are: President, James E. Malone, East Ohio Gas Company; Vice President, Dan W. Shaps, Halle Bros. Company; Treasurer, Joseph L. Fowler, The May Company; and Secretary, Gordon W. Gray, Credit Bureau of Cleveland. Directors: Joseph L. Fowler, The May Company; Clyde C. Korta, The Higbee Company; and T. W. Walters, Society National Bank.

Scranton, Pennsylvania

At the annual meeting of the Credit Managers Group of the Commercial Association of Scranton, Scranton, Pennsylvania, the following officers and directors were elected: President, Anthony Mallick, Household Outfitting Company; Vice President, David G. Jeffrey, Scranton Dry Goods Company; Treasurer, Mrs. Elvira Berry, Third National Bank & Trust Company; and Secretary, Joan Lorsong, Credit Bureau of Scranton. Directors: Robert Carter, Carter's; Carl Glaab, Scranton Springbrook Water Company; Margaret Regan, Schreiber's; Raymond Paradiso, Key Finance Company; Steven Youshock, Stoehr & Fister; and Thomas Jones, Cleland Simpson Company.

Fort Lauderdale, Florida

The new officers of the Broward Retail Credit Association, Fort Lauderdale, Florida, are: President, Richard J. Wheeler, Dun & Bradstreet; First Vice President, George J. Ernst, Poinsettia Press; Second Vice President, Haywood Laney, Garden & Pet Supply; Third Vice President, Haskell Simpson, Hopkins-Smith; Secretary, Charles A. Lassa, Credit Bureau of Broward County; and Treasurer, Betty Grant, Sak's Fifth Avenue. Directors: Fred W. Halferty, Ft. Lauderdale National Bank; Dru E. Lyman, B & L Paint Company; Albert W. Haymon, Broward National Bank; Thomas S. Graham, Broward Adjustment Service; and William S. Reeder, Melrose Plumbing and Sales Corporation.

Atlanta, Georgia

At the annual meeting of the Atlanta Retail Credit Association, Atlanta, Georgia, the following officers and directors were elected: President, George L. Griffeth, Rich's; First Vice President, Julian J. Barfield, First National Bank of Atlanta; Second Vice President, Comer W. Padrick, Schneider & Son; Secretary-Treasurer, Frank G. Mewborn, Credit Bureau of Atlanta; and Membership Secretary, Mrs. June G. Darrington, Credit Bureau of Atlanta. Directors: J. H. Bolton, The Bank of Georgia; Claude R. Gaines, Regenstein's; Eugene E. Jones, Citizens & Southern National Bank; H. J. McGowan, Local Discount Corporation; Mrs. Lucile Phillips, Thompson, Boland & Lee; Melba Schaupp, Zachry; J. S. Smith, Shell Oil Company; F. B. Sullivan, Jr., Community Loan & Investment Corporation; Mrs. Bernice Tanner, Citizens and Southern National Bank; and Wallace Wingfield, Atlanta Gas Light Company.

Baltimore, Maryland

At its annual meeting the retail Credit Association of Baltimore, Baltimore, Maryland, elected the following officers and directors for 1959: President, Harry S. Levitz, Rosenthal's; Vice President, O. Lee Smith, Hutzler Brothers Company; Treasurer, Harold E. Benson, Howard Street Jewelers; and Secretary, Charles F. Roycroft, Credit Bureau of Baltimore. Directors: Robert F. Bruchey, The Hecht Company; E. Richard Coleman, Credit Bureau of Baltimore; Wilbur A. Debus, Baltimore Gas and Electric Company; H. Kelso Dodd, Hochschild, Kohn and Company; Herman A. Dorsch, N. Hess' Sons; Fred W. Ellinghaus, The Hecht-May Store; Richard E. Fisher, Isaac Hamburger and Sons; Theodore E. Marr, Stewart and Company; and Victor Rosenthal, Hochschild, Kohn and Company.

Salt Lake City, Utah

The 1959 officers and directors of the Credit Bureau of Salt Lake City, Salt Lake City, Utah, are: President, Hugh E. Bunnell, Morrison-Merrill and Company; Vice President, Ralph Trane, Daynes Music Company; Treasurer, Lawrence F. Shaw, Makoff's; and Secretary, William S. Asper, Credit Bureau of Salt Lake City. Directors: Orson M. Richins, Prudential Federal Savings & Loan Association; Clary Crooks, Newspaper Agency Corporation; Winston Jones, Strevell Paterson Finance Company; Kenneth Matheson, Tri-State Lumber Company; James L. Rieben, First Security Bank of Utah; and D. E. Ostler, Walker Bank and Trust Company.

Poughkeepsie, New York

Officers and directors of the Retail Credit Association of Poughkeepsie and Dutchess County for 1959 are: Chairman, Charles Van Tassell, Bollingers Paint Store; Vice Chairman, Glen McClelland, Mid-Hudson Oil Company; Secretary, Alfred Tenhope, Rocket Stores; and Treasurer, Margaret Gronbach, Dutchess Bank and Trust Company.

CREDIT FLASHES

Credit Bureaus Merge in Cincinnati

The Standard Reporting Company and The Credit Bureau of Cincinnati, Cincinnati, Ohio, have merged their operations. The new organization will be under the direction of Allison P. Koelling, Executive Vice President, who will be assisted by an executive staff consisting of William C. Blankemeyer, Frank G. Burroughs, Joseph M. Garber and Cliff R. Hess. The Standard Reporting Company was founded in 1899 and primarily served the retail furniture trade and small loan industry. The merger will permit members of both bureaus to have additional information available to them in the extension of credit.

Tacoma Letter Writing School

Shown below is a photograph of a Business Communications Clinic conducted at Tacoma, Washington by Leonard Berry, Educational Director, National Retail Credit Association, March 5 and 6, 1959 and which was attended by 180 persons. This Clinic was one of a series of six conducted in the Pacific Northwest by Mr. Berry. The others were Vancouver and Victoria, British Columbia, and Everett, Pasco and Seattle, Washington.

John Schlarb, Jr., Secretary, Tacoma Retail Credit Association and Manager, Credit Bureau of Tacoma, Tacoma, Washington, says, "The feeling of all was that this was the best set of lessons in letter writing ever to be presented here. Comment I heard makes me think that we have never presented any educational material that was as well received."

Each student was given a 23 page mimeographed booklet on general letter writing techniques and a copy of the manual, "Retail Collection Procedures and Effective Collection Letters." The school was held in the spacious and modern auditorium of the Tacoma Vocational School.

Coming District Meeetings

District One (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, Province of Quebec, New Brunswick, Nova Scotia, and Prince Edward Island, Canada) will hold its annual meeting at the New Ocean House, Swampscott, Massachusetts, May 17, 18, 19, 1959.

District Three (Florida, Georgia, North Carolina, and South Carolina) and **District Four** (Alabama, Louisiana, Mississippi, and Tennessee) will hold a joint annual meeting at the Dinkler-Plaza Hotel, Atlanta, Georgia, April 19, 20, 21, and 22, 1959.

District Six (Iowa, Minnesota, Nebraska, North Dakota, South Dakota, Superior, Wisconsin, Fort William, Ontario, and Manitoba, Canada) will hold its annual meeting at the Radisson Hotel, Minneapolis, Minnesota, April 12, 13, and 14, 1959.

District Eight (Texas) will hold its annual meeting in conjunction with the 45th Annual International Consumer Credit Conference, Dallas, Texas, June 21, 22, 23, 24, and 25, 1959.

District Nine (Colorado, New Mexico, Utah, and Wyoming) will hold its annual meeting at the Hotel Utah, Salt Lake City, Utah, May 17, 18, and 19, 1959.

District Ten (Alaska, Idaho, Montana, Oregon, Washington, Provinces of Alberta, British Columbia, and Saskatchewan, Canada) will hold its annual meeting at the Winthrop Hotel, Tacoma, Washington, May 16, 17, 18, and 19, 1959.

Position Wanted

National Office Welcomes William H. Blake

WILLIAM H. BLAKE has been named organization analyst of the National Retail Credit Association effective April 1, 1959. It is anticipated that Mr. Blake will succeed Lindley S. Crowder as executive head of the Association following action of the Board of Directors at the annual conference of the Association to be held in Dallas, Texas, June 21-25, 1959. Mr. Crowder, who has served the Association for the past 25 years, will go into semi-retirement.

Mr. Blake has been executive assistant and Director of Research for the National Consumer Finance Association, Washington, D. C., for the past five years. Before joining the Association, he was an Associate Professor of Business Administration and Dean of Men at Catawba College, Salisbury, North Carolina. He served in World War II and Korea and retired with the rank of Lieutenant Commander. Prior to his Navy Service, he was executive secretary of the Illinois Society of Certified Public Accountants.

Holder of both an undergraduate degree and graduate degree from the University of Illinois, he has completed advance work toward his doctorate in the School of Retailing, New York University. He is a graduate of the Trade Association School, Northeastern Institute, Yale University, and the Graduate School of Consumer Credit, Columbia University.

In addition to his presidency of the Washington Chapter of the American Public Relations Association, he is a member of the American Society of Association Executives; American Marketing Association; Public Relations Society of America; American Association of University Professors; National Association Executives Club; and chairman of the Washington Trade Association Executive's Round Table Committee.

Mr. Blake is married and has two sons, William, Jr., a student at George Washington University, and Allen, a junior at Wakefield High School. They are residents of Arlington County, Virginia.

Florida Consumer Credit Conference

More than 400 persons are expected to attend the 11th annual National Consumer Credit Conference which will be conducted in Gainesville, Florida, April 15-17, 1959, by the General Extension Division of Florida and the University of Florida College of Business Administration. The main objective of the conference is to develop a better understanding of consumer credit, not only by the consumer credit industry, but also by the academic community and the general public. Major emphasis will be placed on current developments in the field of consumer credits. This will include a complete analysis of the developments effect on consumers, the national economy and financial and marketing institutions. Speakers will include: Paul Smith, Federal Reserve System; Donald J. Hart, University of Florida; Paul Millians, Commercial Credit Corporation; and Frank J. Ross, Sears, Roebuck and Company. Some 22 Florida and 11 National Associations, including the National Retail Credit Association, interested in consumer credit are sponsoring the conference, the first of its kind ever held in the state.

Alan S. Jeffrey Promoted

Alan S. Jeffrey, for the past two years administrative secretary of the American Finance Congress, has been named executive vice president of the organization. He succeeds Thomas W. Rogers, who has been named to the new post of senior vice president and economist. Mr. Jeffrey becomes chief administrative officer of the AFC while Mr. Rogers will handle their activities in the area of education, economic research and other special problems and policy matters.

Bantham Named to Rotary Position

Albert P. Bantham, owner and general manager of the Credit Bureau of Schenectady, Schenectady, New York, is a member of three committees of Rotary International. He is a member of the nominating committee for president of Rotary International in 1959-1960 and 1960-1961, of the districting committee and of the 1959 Rotary Institute agenda committee. A Rotarian since 1930, he is a former member of the Rotary Club of Troy, Troy, New York, and is now a member and past president of the Rotary Club of Schenectady. He has served Rotary International as vice president, director, district governor and committee chairman. He has been a director of the Northeastern Credit Bureaus, president of the Associated Credit Bureaus of New York State, a director of the Schenectady Chamber of Commerce and president of the Union College Alumni Council.

Wendell Sizemore Promoted

Wendell Sizemore, vice president and manager of the Main Office of the National Bank of Commerce, Seattle, Washington, has been named the bank's senior executive. He started his career with the bank in 1920 and worked in various departments. He was elected vice president in 1946 and vice president and manager of the Main Office in 1952. In 1946-47 he was President of District Ten, N.R.C.A. and a National Director in 1950-1952.

CREDIT DEPARTMENT *Letters*

LEONARD BERRY

TODAY'S credit department correspondent is the potential credit executive of tomorrow. There is probably no shorter single path to promotion than the ability to produce good letters. Each well-written business letter is a stepping-stone to success.

It has happened many times that the deciding factor in the preferment of Jack to Jim for appointment to executive status has been Jack's superior letter writing proficiency. Where several contenders for a post have similar qualifications, the *better letter writer* often wins.

Store principals are well-aware of the power of good letters in developing, and maintaining, that fragile and precious asset, customer liking and approval. Few in top management would deny the assertion that the credit department possesses the greatest potential of any in the store for influencing public relations. That is why skill in letter writing is considered essential.

In collection work for example, there are ways of communicating with customers that get results without loss of good will. Each collection reminder can be productive of friendly acceptance, or it can be a bomb that will make the customer "blow off." The difference is the words used.

Credit sales promotion letters are in competition with similar letters from other firms. Persuasive and compelling letters bring results and justify their expense, while negative and uninspiring letters are ignored.

Adjustments, either bill or merchandise, made by mail, can be handled in such a manner that customers sing praises for the firm's fairness and agreeableness. They can also be so ineptly managed that customers are hurt and embarrassed.

"What makes an executive?" was the question put recently at a Business Communications Clinic by an ambitious credit department correspondent. Not an easy one to answer, but we did our best to outline some essential executive qualifications.

Naturally we discussed letter writing as one important part of an executive's makeup. Then we went on to discuss a few more.

Leadership. An executive is willing to "go first." He is willing to take chances. Initiative is part of his nature. He is capable of doing himself whatever he requires his assistants to do. Knowing the value of a good example, he is careful to set one. Remembering that his department is but a lengthened shadow of himself, he regards his co-workers and assistants as part of himself. He is a *co-ordinator* of their efforts, rather than a *driver* of unwilling slaves.

Wide vision. Look at the captions on some unusually good panoramic photographs and you will often note that the picture was taken with a "wide angle" lens. Successful executives look at their jobs with wide angle *mental* lens. Each problem, and each function, should be regarded in the light of the overall operations of the firm. A good executive does not allow his mind to become compartmentalized. He sees the store as a whole. He directs his efforts in the direction of the greatest good. All of us are apt to regard our own or departmental needs and prerogatives as paramount. It requires unselfishness and courage to act in the greater interest of the firm.

Credit correspondents especially should see the service of credit and its myriad necessary adjustments as only one facet of the total business. Much damage is sometimes done to customer good will when matters are handled from a narrow departmental viewpoint. We should all strive for the decision that will yield maximum benefit for the business as a whole.

Insistence on excellence. The good executive insists on excellence, both in his own work, and in that of departmental personnel. Tolerance of sloppy work, lazy habits, and clumsy, inept handling of customers are a direct reflection on himself. Of course, it is not possible to be everywhere at once or to supervise every detail. In fact, such is not even desirable. However, by constant training and re-inspiration, patient instruction and careful explanation, assistants and co-workers soon come to have solid pride and satisfaction in correct and competent work, and "police" themselves. Insistence on excellence in even the tiniest detail of departmental operation is the mark of a good executive; it is necessary to his own success.

Development of good staffs. Not always does the credit executive have, or enforce sufficient control over the selection of departmental personnel. Often, credit department employees are selected by employment interviewers who lack intimate knowledge of credit and collection functions, and who possess little idea of the extreme need for the right kind of person to whom the delicate details of credit work are entrusted. The credit executive should insist on some participation in the employment of his staff.

In this connection, the training and development of capable "right hands" is also part of executive superiority. So often we find credit managers unwilling to delegate responsibilities or allow greater rein to their assistants. Such attitudes stem from a belief that only "they themselves" can do the job as it should be done, or from timidity that perhaps the assistant will become so competent as to supplant the manager. Strong and capable assistants actually strengthen the executive, as well as provide assurance of continuance of smooth operation should absence become necessary.

This Month's Illustrations

This month we are devoting the Letters Page opposite to an illustration of our comprehensive range of stickers and statement inserts. As has so often been said in this department, the use of stickers and statement inserts is inexpensive, easily accomplished and highly effective. The insigne of the National Retail Credit Association carries powerful prestige. These stickers and inserts may be used to great advantage in early-stage collection reminding and in inactive account follow-up. You are cordially invited to send your order. Stickers and inserts, $4.00 @ 1,000, assorted $4.50 @ 1,000 in lots of 100.


YOUR CREDIT RECORD
is the measuring stick by which all credit grantors judge you.
Do you realize that your failure to pay this account may affect your credit standing?
PROTECT YOUR CREDIT BY PAYING PROMPTLY
Just to Remind You--
Now—Please!
Prompt Payments Build Good Credit—"Worth More Than Gold"
Please!
Thank You!
Keep Your Credit As "Good As Gold"!
"Worth More Than Gold"
Prompt Payment
of your account is solicited in the same courteous manner as your patronage. Both are appreciated.
Good Credit
Pay all charge accounts promptly each month and installment accounts when due.
"Good Credit—
Prompt Payment Builds Good Credit—"Worth More Than Gold"
MAIL it today
Keep Your Credit Record Good
Protect Your Credit
Make it a habit to pay promptly
YOUR CREDIT RECORD IS AN OPEN BOOK ...
Prompt Payments Make a Good Credit Record
You Forgot -- Didn't You?
Thanks!
Of Course— We Missed You!
And your account is waiting for you. Come in and use it!
We Value Your Patronage!
You Don't Owe Us a Cent!
Yes! We've noticed it and we hope you will use your charge account this month.
Your Patronage Is Appreciated!
Promptness
You are urged to make prompt and regular payments, in accordance with your agreement.
Paying promptly builds a good credit record.
Guard Your Credit As a Sacred Trust!
Terms on Monthly Charge Accounts
ACCOUNTS are due and payable upon receipt of bill. They are past due if not paid within 30 days after bill is rendered.
Buy Wisely
Pay Promptly
Pay Professional Bills Promptly—
PAY YOUR PHYSICIAN, dentist and hospital bills promptly and maintain a good credit record.
Lest You Forget!
Thanks!
The 10th of the Month
Pay Day!
MAIL it today
PAY YOUR ACCOUNT PROMPTLY!
Every charge account that is paid in full each month and each installment contract paid as agreed helps to build and maintain a "Prompt Pay" credit record.
Just a Blank Statement
To remind you that we miss your patronage and to extend this invitation:
Use Your Charge Account!
Your Charge Account is Balanced!
We Value Your Patronage!
Credit Is Confidence
Pay Your Obligations Promptly
MAIL it today
Many Thanks!
KEEP YOUR PROMISE—
Your Account Is Balanced!
This is just a reminder that we missed you last month.
Use Your Charge Account!
HAS IT OCCURRED TO YOU — —
• PLEASE protect your credit standing by making payment NOW
The Credit Bureau
A SHOPPING CONVENIENCE
This is a Blank Statement!
How to Build a Good Credit Record
1—Pay charge accounts in full within 10 days after receipt of bill.
2—Make contract payments on or before due date.
3—Guard your credit as a sacred trust.
Thank You!
The promptness with which you have paid your account is appreciated. We hope you will use it regularly.
A Friendly Reminder!
Prompt Payment Builds Good Credit—"Worth More Than Gold"
Don't Break Your Promise
Your recent remittance was appreciated. However, it was not in accordance with understanding.
Please bring the account into current condition and maintain a record for promptness.
Just to Remind You...
That this account is past due. We'll appreciate your remittance. Thank You!
Maintain a Good Credit Record—
Past Due!
PROMPT payment of this account is necessary to protect your credit record.
Guard Your Credit As a Sacred Trust.
CREDIT BUREAU
We have YOUR NAME in this "Who's Who"
Name
Owed to
Balance $
Past Due $
Date
Guard Your Credit as a Sacred Trust
TEST
TELLS
The PHYSICIAN...
The HOSPITAL...
The DENTIST...
The DRUGGIST
SACRED TRUST
NATIONAL RETAIL CREDIT ASSOCIATION
EXECUTIVE OFFICES • ST. LOUIS
Pay your bills in full TODAY
So that your Credit will be good
TOMORROW
THE EMBLEM OF SOUND CREDIT
MEMBER
National Retail Credit Association
THE EMBLEM OF SOUND CREDIT
Name
Indebted to
Balance $
Address
Address
Date

Items of Interest From the Nation's Capital

JOHN F. CLAGETT, Counsel, National Retail Credit Association, Washington, D.C.

Delinquent Federal Taxes—Senator William's Fifth Annual Report: The problem of delinquent taxes is a serious one to government, just as the delinquent and/or uncollectible account ratio is a matter of vital concern to the merchant. Unless the merchant controls these ratios, he may go out of business; and the government may have to resort to added deficit spending with the threat of increased inflationary pressures when tax collections lag. Five years ago Senator John J. Williams (R. Del.), a businessman himself, started a campaign to try to improve the delinquent tax situation in the federal government. Each year for the past five he has placed in the Congressional Record a report based on figures obtained from the Treasury. He has pointed out, by name, the district offices where good records have been made as well as those where poor records have been compiled. He secured the enactment of a law in the early part of 1958 which increased penalties on employers who have failed to pay over income and social security taxes withheld from employees. In this year's report (Congressional Record, March 10) Senator Williams said:

> The total amount of delinquent taxes has declined for the third successive year, with this year's decline being from $1,504,709,000 to $1,375,737,000, or 8.6 per cent. This compares with a 7 per cent decline last year. Employment taxes (social security and income taxes withheld by employers from their employees), which last year showed a 7.6 per cent increase, declined 12.5 per cent this year, or from $300,678,000 to $263,186,000. . . . While it is pleasant to note that the amount of total delinquent accounts has declined approximately $240,000,000 from the total of five years ago, these accounts are still too high. Also the employment tax reduction of 12.5 per cent this year, while being a trend in the right direction, nevertheless is still $9,000,000 higher than five years ago.
>
> A comparison of this five-year report gives a clear picture of the trend of these delinquencies with special emphasis upon those districts which are showing good progress in collections as well as pointing out those districts in which collections are poor.

It might be hard to find a better example than this of improved legal machinery obtained through the legislative branch, coupled with improved administrative action in the executive branch, all secured by the initiative and determination of one Senator to strike a blow for good government.

Shoplifting and Fraudulent Checks: The upward trend of crime, including those categories which most affect the vast retail business, has continued in 1958, according to preliminary data released by the Federal Bureau of Investigation. The over-all increase is 8 per cent higher than in 1957, with special accent again placed on the "under 18 age group." See THE CREDIT WORLD, December 1957, page 31.

Fourteenth Annual Survey of Consumer Finances: This is a "Gallup Poll" type of survey conducted in January and February of each year by the Board of Governors of the Federal Reserve System in cooperation with the Survey Research Center of the University of Michigan. It elicits information on consumers' financial positions; their own and general economic prospects; and plans for purchasing durable goods and houses in the coming year. The general conclusion found by the report is that "consumers viewed their situations and prospects more favorably than a year ago, and the proportion who planned to make major expenditures during 1959 was moderately larger than in early 1958." It found too, that "for the most part consumers expect higher prices." The increase in the proportion of consumers who planned to buy houses lead all other categories. While the proportion of consumers who planned to buy new cars rose from the relatively low level of early 1958, it was still below levels of the previous three years, the report noted.

Economists See Consumer Credit Controls Aid to High Employment and Price Stability: In October 1958 a subcommittee of the Joint Economic Committee of the Congress prepared what is called an "Economic Policy Questionnaire," wherein a series of questions was submitted to the heads of economic departments in 150 institutions granting higher degrees in economics. Some 615 questionnaires were returned, which is estimated to be about 40 per cent of the number of economists reached from all parts of the country. A report of the results has now been made available by the Committee. One question was on the subject of "stand-by authority for direct controls," which was intended to include controls on consumer credit. This question and the results of the answers to the questionnaire as tabulated by the Committee are as follows:

C. Do you believe that stand-by authority for direct controls should be available in order to assure sustained high employment combined with high stability of the general price level?

	Number	Per Cent
Yes	413	67.2
No	187	30.4
No response	15	2.4
Total	615	100.0

If your answer is "Yes," please indicate which types of controls you favor—

	Number	"Yes"
Of business investment	197	47.7
Of consumer credit	384	93.0
Of prices	182	44.1
Of wages	179	43.3

If your answer is "Yes," do you think that the strengthening of competition (through vigorous antitrust and related policies) could be expected—

	Yes		No		No Response		Total	
	No.	%	No.	%	No.	%	No.	%
To reduce the need for such direct controls?	250	60.5	136	32.9	27	6.5	413	100.0
To eliminate such need?	13	3.1	270	65.4	130	31.5	413	100.0

A Tested Collection Method

IN THESE DAYS of general economic sickness, world-wide inflation and testy national tempers, a businessman has to move rather cautiously in the credit field. Continuously rising prices show frequently that it would have been more profitable not to have sold at all because of the higher replacement cost. To sell high cost merchandise on credit, with all its attendant bookkeeping expense and extra work involved, and then have to charge it off as a bad debt can become commercial calamity.

The credit idea is at least as old as monetary systems, and probably had its place in the ancient days of barter and exchange. Today, credit is the backbone of all business, and the American vocabulary contains such words and phrases as charge account, budget payment, instalment buying, lay-away, and many others. Most business nowadays is predicated on a long time or short term credit basis, ranging from the gigantic bond issues of the great corporations to the relatively simple thirty-day charge accounts and the many instalment variations.

To credit means to trust, and those with the best understanding of the working of the human mind are probably the most capable credit executives. Certainly, if it is available, all can agree that a good credit official should be able to understand and interpret a financial statement. Surely it is the duty of a credit manager to allow open sales accounts to be made only where the possibility of non-collection is almost negligible. It is the further function of a credit manager to protect business and to promote sales by the intelligent use of credit. Close observation and application can replace many of the bumps that are always a large part of learning things the hard way. In the credit field every day is Judgment Day and the capable credit manager needs a lot of it.

Despite the best kept credit records, human fallibility, plus errors of judgment, will bring a reasonable number of "slow-pays" and even "no-pays." And that is the reason for almost every community of consequence in the nation having "Credit and Collection Departments." In addition all the larger cities suffer with the so-called professional bill collector whose methods frequently are not of the best. Press stories relate everything from the menace of lawsuit to threat of bodily injury plus plain blackmail by these harpies.

Fortunately, most Americans are honest, work hard, and, while not afraid of normal or necessary debt, usually pay their bills on time. Crooks and dead beats still infest the land, but the percentage is relatively small. Most of this type are more frequently problems for the police rather than for the normal collection operation.

Good credit records are a reflection of good habits rather than wealth. Many a millionaire must continuously be pressed for payment, while conversely the great host of wage earners is prompt in meeting obligations. You do not have to be rich to be credit worthy, and the credit manager knows it. Further, he should also know that it is the function of good credit operation to train the buying public in such manner as to keep them good customers and not to drive them to competitors.

These Dallas mercantile folks not only know how to sell, but how to collect, too! And their collection methods leave very few unhappy. During the early thirties, in the depths of national depression, these Dallas merchants found themselves in the same financial stress as their customers. Money was tight and scarce. It was an absolute necessity to make collections in order that the merchants themselves could remain solvent and keep the doors open. The old methods no longer worked, and those who used the tough collection approach sometimes got the money, but lost the customer permanently to the more forward looking merchandiser with the silken touch of the limited liability note.

The limited liability note is not a new legal instrument. Its application in the collection field is, however, of relatively recent vintage. The rather simple plan was to put into operation by several large Dallas department stores, and many other merchants, doctors and hospitals, in order to make available a confidential and friendly way of settling past-due bills, and preserving the credit standing of the customer badly involved with debt.

All unpaid bills are grouped into one lump sum and a note made for the total amount, to be retired usually in twelve monthly instalments. No charge is made for the service other than legal bank rate interest which is payable in advance. The note is endorsed by each merchant in an amount exactly equal to his unpaid bill. Quite obviously bank loans or obligations under mortgage cannot be included.

Any of the many Dallas banks readily handle this paper as the indorsements are gilt-edged. Immediately upon accepting the note the bank pays all bills in full and the one signing the note retires the whole obligation as one debt in monthly instalments.

Easy, isn't it? A good credit record has been sustained and the best recommendation for a future good credit standing is a paid in full list of bills. Through this method all accounts are paid to the assorted creditors at once, and the debtor is spared the embarrassment and humiliation of requesting the acceptance of small "part payments" on accounts to many creditors. Regular forms have been developed to facilitate this oft repeated operation and they are not secret, but can be had for the asking.

One Dallas bank, alone, usually has such limited liability notes totaling several hundred thousand dollars in its note case, and the bank losses have been so infinitesimally small as to pass without notice. The loss is much less than one-third of one per cent.—W. H. Bailey, Creditors Service Bureau, Dallas, Texas. ★★★

Mexico Calling

FOLLOWING THE Annual Conference in Dallas, Texas, June 21-25, 1959, a unique opportunity is being offered to the delegates. If you are fortunate enough to have the time you can travel with your friends to the great world metropolis of Mexico City to have an experience of a lifetime. You will be caught in its magic whirl as soon as you set foot on the historic ground now graced by one of the largest and most striking airports in the world—a gem of modern functional architecture. Cars await to take you to town. Today Mexico City boasts an array of magnificent hotels, reflecting the finest in accommodations and service. Here, in the ultramodern Hilton hotel designed for your every comfort, your dream vacation gets into full swing. As soon as you are in the mood, there is the array of attractions that only a world capital like Mexico City—Paris of the Americas—can bring you.

Restaurants, cafes, bistros, exotic out-of-the-way eating places abound wtth an endless variety of food that runs the full gamut of all nationalities. Is it French cuisine you crave? Or perhaps an exquisite dish that goes back to the early days of Old Madrid? Or any one of hundreds of superb dishes that make up the Mexican kitchen. Yes, even some of the best American-type cooking in all the world, matching your favorite restaurant back home. Mexico City has all these and more, with hundreds of trained people skilled in the art of catering to the visitor's wants.

Atmosphere in most of these places, including floor shows, orchestras, entertainers culled from the cream of the Latin American, United States and European crop of stars, will enhance the pleasure of your meal. There are swank, sophisticated cocktail lounges and a wide range of evening entertainment, from luxury night clubs to the intriguing typical Mexican spots where mariachis (wandering troubadors) play and sing at all hours while exotic drinks are served to you.

Your sun-splashed daytime hours will be filled with a busy round of sightseeing and relaxation. You will visit the beautiful Chapultepec Castle, which is now a historic museum, and stroll along the gardens where Emperor Maximilian and Empress Carlota spent their precious moments, enjoy the magnificent panorama of all of the Valley of Mexico from the parapets of the Castle, situated on a verdant hill in the enormous natural park, which also includes an enormous zoo, botanical gardens, lakes with rowboats, and numerous other amusements.

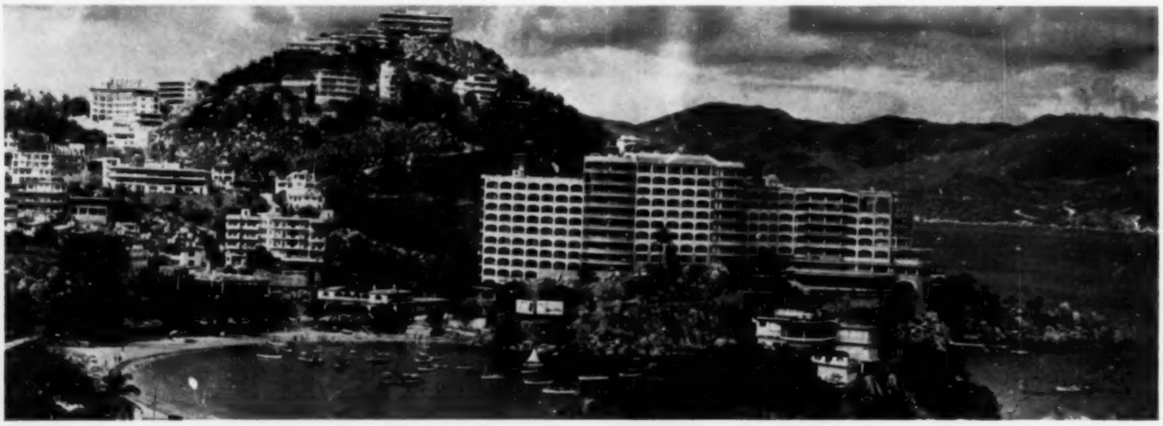
One high light of your Mexico City sojourn will be a visit to Xochimilco, the Venice of Mexico, where you can loll all day in a comfortable flower-decked boat, as gaily dressed Indians paddle around the plant-covered canals in bringing you beer, wine, a wide array of succulent Mexican foods and huge, spectacular bouquets of native flowers. You will stop for an hour or two at the outdoor restaurant on the banks of the canal, and there, as well as on the boats, you will be serenaded by Mexican musicians in colorful costumes.

The city's marvelous markets offer handicraft articles and produce from all over Mexico, the displays combine the beauty of an Oriental bazaar with the budget-soothing attraction of low prices in terms of dollar exchange. You will be able to buy gifts for all the family and your friends without feeling you have spent anything at all. Another rewarding day may be spent among the architectural treasurers such as the museums, churches, and the nearby Shrine of Our Lady of Guadalupe . . . the monastery at Acolman . . . the Pyramids of the Sun and the Moon and the Temple of Quetzalcoatl.

University City, where the heritage of ancient civilization finds a glorious complement and contrast in the newest of the new in architecture, a real wonder of the modern world, the "Campus in the Clouds" which is a poem in structure, with outdoor and indoor mural paintings, mosaics and educational facilities that are unsurpassed anywhere. On the way you will see great new apartment houses and private homes of luxurious appointment with vast expanses of glass to welcome Mexico's sunshine.

Of course, the weekly bullfights with all the pageantry and color which have made these spectacles legendary for all visitors . . . there are cockfights—jai-alai—and symphony concerts—ballet—nightly theatre performances—and the best of European and Mexican motion pictures. Whatever your interest in amusement and recreation, you can find it—and better—in Mexico City!

Complete details concerning the Post Convention trip to Mexico are available by writing to National Retail Credit Association, 375 Jackson Ave., St. Louis 5. ★★★



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1: National representation in Washington, D. C.
2: International contacts when you need them.
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5: You become a partner in an organization of which you can be PROUD. Consumer credit has grown and developed over the life span of the National Retail Credit Association founded in Spokane in 1912.

DIVIDENDS ARE RECEIVED IN PROPORTION TO PERSONAL INVESTMENT MADE

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The only magazine in the world devoted exclusively for mutual help among all classifications of consumer credit.
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I: JACK SCHLARB, JR., MANAGER OF CREDIT BUREAU OF TACOMA, WASHINGTON, SAYS:

"Credit Granting is now a major and complicated phase of our total economy and as such has to be protected by strong, well-organized credit reporting and credit granting organizations. I don't think that a medium or small credit bureau operating alone could have the strength required to do the job. Speaking personally, as a manager, I have learned most of what I know about this work from other bureau managers and regional, district and national meetings."

UNITED—WE SUCCEED TOGETHER

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District

1. W. A. Reed, The Shepard Company, Providence, Rhode Island.
2. Hugh M. Martin, The Addis Company, Syracuse, New York.
3. A. J. DeMarco, Family Finance Corporation, Miami, Florida.
4. E. L. Goodman, Burger-Phillips Company, Birmingham, Alabama.
5. D. E. Woodrick, Smith Oil & Refining Company, Rockford, Illinois.
6. William F. Streeter, Boutell's, Minneapolis, Minnesota.
7. R. M. Allton, Ray Beers Clothing Company, Topeka, Kansas.
8. R. A. Jackson, Volk Brothers Company, Dallas, Texas.
9. H. A. Thompson, Neusteter's, Denver, Colorado.
10. Ernest Reames, Hogg Brothers, Salem, Oregon.
11. R. M. Wylie, Weinstock-Lubin and Company, Sacramento, California.
12. A. J. King, Kennard's, Wilmington, Delaware.

CHARLES F. SHELDON
Chairman, Membership Committee

L. S. Crowder Announces His Semiretirement

Members, Officers and Directors, past and present, of the National Retail Credit Association, Associated Credit Bureaus of America, and Credit Women's Breakfast Clubs of North America:

Elsewhere in this issue of The CREDIT WORLD is an announcement of the appointment of William H. Blake, an association executive of Washington, D. C.

The appointment of Mr. Blake to succeed me on my semiretirement status following the Dallas Conference in June was recommended by the Selection Committee and approved by mail vote of the Board of Directors.

At the Los Angeles Conference last year I explained to the Board of Directors that because of the condition of Mrs. Crowder's health I should spend more time with her and wished to go on a part-time basis after the conference in Dallas next June.

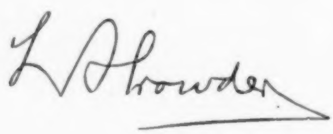
I shall be available for such duties as the Board of Directors may designate. Shall also work closely with Mr. Blake on matters on which he requires my advice or assistance.

It was while President of the Dallas Association in 1916 that I learned there was an association of retail credit men, then known as the Retail Credit Men's National Association. Soon thereafter it was decided to make all members of the Dallas Association national members. During 1917 and until the Boston convention in August 1918 I devoted considerable time to membership activities in many of the Southern states. Because my National Association activities started in Dallas and June 1959 completes 25 years service as General Manager-Treasurer of the Association, I decided that it would be appropriate to make the change at that Conference.

In thanking the members for their cooperation over the years I should also like to thank the past officers and directors of the N.R.C.A., ACBofA and CWBC of NA for their assistance and splendid cooperation.

Your continued cooperation will be appreciated by me and by Messrs. Blake, Hert and Berry, and members of the staff who will, I am sure, carry on in a most creditable manner.

Cordial regards and best wishes.



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Retail Credit Management by Dr. Clyde Wm. Phelps, 477 pages, $5.00 a copy, postpaid.

Important Steps in Retail Credit Operation by Dr. Clyde Wm. Phelps, 76 pages, $1.50 a copy, postpaid.

Streamlined Letters by Waldo J. Marra, revised, 479 pages, $6.50 a copy, postpaid.

How to Write Good Credit Letters by W. H. Butterfield, 128 pages, $2.25 a copy, postpaid.

Making Credit Profitable, 48 pages, 75 cents a copy, postpaid; three copies $1.50, postpaid; six copies, $2.50 postpaid.

Physicians and Dentists Credit and Collection Manual by Leonard Berry, 64 pages, $2.00 a copy, postpaid.

Retail Collection Procedure and Effective Collection Letters by Leonard Berry, 80 pages, $2.00 a copy, postpaid.

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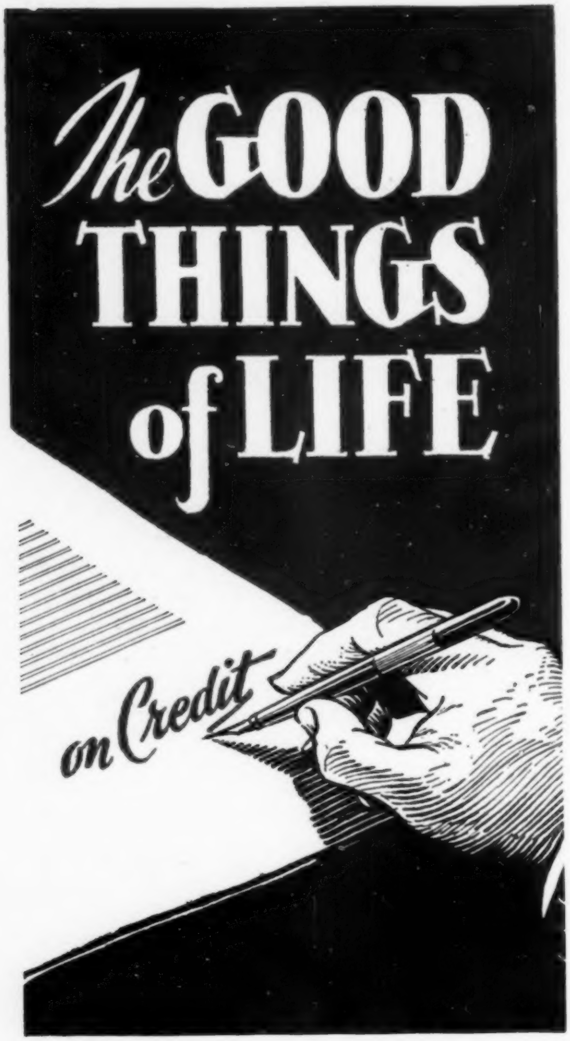

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educate the customer to use credit and p
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2. What People Buy on Credit.
3. The Value of Personal Credit.
4. Credit Depends on 2 Things.
5. Your Credit Record Is an Open Book.
6. How to Establish Your Credit.
7. How to Maintain a Good Credit Record.

ON THE LAST page appears the Code of Ethics of the National Retail Credit Association which in itself carries a worth-while educational message to the consumer. On the inside back cover is the National shield containing the slogan "Guard Your Credit as a Sacred Trust." The outside back cover has been left blank so that you may, if desired, imprint the name of your store on it.

THIS BOOKLET covers fully the conveniences and advantages of credit, as well as the necessity for maintaining a good credit record. It is an excellent educational piece to enclose in letters opening new accounts, in sales promotional letters, and in collection letters. The consistent use of this booklet will produce highly satisfactory results whether in the promotion of business or in the collection of past-due accounts. ***

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